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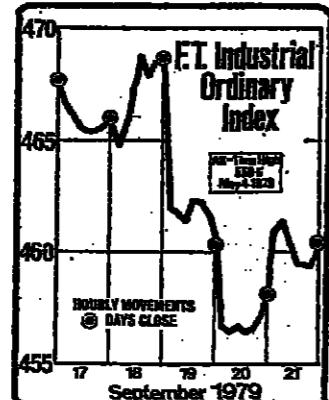
NEWS SUMMARY

GENERAL

BUSINESS

Lebanon Equities 'invaded' gain 2.2%; Gold off \$16

• EQUITIES were firmer on end-of-month bear closing and the FT 30-share index closed 2.2 higher at 460.3.



• GILTS rallied, helped by early gains in sterling and the Government activating short tap Exchequer 11 per cent. Longs gained up to 1 and shorts up to 4. The Government's index rose 0.28 to 72.29.

• STERLING touched \$2.1755, but declined to close at \$2.1635, a rise of 25 points. Its trade-weighted index rose to 68.2 (68.1). The dollar's index rose to 84.2 from 84.

• GOLD fell \$16 an ounce in London to \$369.1.

• WALL STREET was up 1.28 at 84.97 near the close. Trading volume surged by 1 pm, one million shares had changed hands, narrowing optimism over the Chevron Standard oil find of Newfoundland. Page 25

• FINLAND is to raise its basic bank rate from 7.25 per cent to 8.5 per cent from November 1.

• BRITAIN will have to spend up to another £50m over the next four years on supporting Concorde with the extra spares before finally winding up the programme. Page 4

• NORTHGATE group of clothing manufacturers, owned by Courtaulds, will close its works near Liverpool at Christmas, making most of its 600 workers redundant. Back Page

• GENERAL MOTORS is considering buying Soviet machine tools and components for its vehicles, a senior representative of the U.S. corporation said in Moscow.

• LLOYD'S of London has reached an arrangement with members of the troubled Sasse underwriting syndicate which could prevent threatened legal action against 30 of the members. Page 3.

• JAPAN'S domestic airlines, TDA, has ordered three more A300 European Airbuses, raising its total order for the aircraft to nine.

• WORKERS who fight BL Cars' plans for closing plants and cutting 25,000 jobs will have the official support of the Transport and General Workers Union. Back Page

• DEFENCE Ministry is considering buying up to another 200 main battle tanks for the Army for about £200m, which could lead to additional work at the Royal Ordnance Factory, Leeds. Page 3.

• COMPANIES

• LARPORTE Industries (Holdings) reports taxable profits up by 80 per cent from £4.72m to £8.52m for the first half of 1979 despite losses during the transport strike. Page 18 and Lex.

• PARIBAS, the French banking group, reports first-half taxable profits of FFr 326m (£35.17m), compared with FFr 5.73m for the whole of 1978. Page 25

• WARD WHITE Group of foot-wear, electrical and mechanical engineers, reports first-half profits up from £2.16m to £2.65m. Page 18

Jewels to stay

The Indian Government ruled that all 37 items in the late Mumtaz of Hyderabad's jewellery collection, "were national treasures" and could not be exported. A New Delhi auction—the biggest for any single-owner jewel collection—was called off and a £25.4m deposit is to be returned to two foreign bidders. Page 6

New trial jury

A new jury panel was ordered for the Old Bailey trial of six alleged anarchists after the Guardian newspaper disclosed details of a confidential report on the vetting of 93 potential jurors.

Tory Euro win

Conservative candidate Miss Shashi Roberts held London South-West in the first by-election in the European Parliament, but her majority was cut from 31,000 to less than 9,000. She won the seat in June but was disqualified. Page 3

Rhodie denial

Former South African Information Minister Eschel Rhodie was charged in Pretoria Supreme Court with fraud involving more than R83,000 (£46,629). He denied misappropriating funds intended for a South African Government propaganda network. Page 2

End of illusion

Television illusionist Romark, who drove blindfolded into the back of a police van, was fined £100 for reckless driving and ordered to pay £220 costs at a London court. He said he would do blindfold stunts from his set.

Briefly ...

West detectives investigating the murder of Earl Mountbatten have released all but two of the 18 people detained for questioning.

• Duncan being expensively groomed for forthcoming advertising campaign for Guiness escaped from his cage at the home of his Sussex trainer and vanished. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

	RISKS	
Treas. 12pm 1979	£1,004 + 1	
Adwest	383 + 18	
Gordon & Gotch	90 + 10	
Hambro Life	139 + 4	
Liverpool Daily Post	132 + 4	
Man. Agency Music	137 + 10	
Ode & Lyric	148 + 4	
BP	1215 + 60	
GU Exploration	404 + 20	
Hampton Areas	255 + 10	
South African Land	151 + 15	
Trenor	225 + 5	
FALLS	220 + 13	
West Rand Cons.	174 + 15	

Muzorewa accepts principles of British proposals

BY BRIDGET BLOOM AND MICHAEL HOLMAN

Bishop Muzorewa, the leader of the Salisbury delegation to Rhodesia talks at Lancaster House, London, announced last night that his Government accepted "the general principles of the constitutional proposals submitted by the British Government."

In return for this acceptance, Muzorewa said, the Bishop, his Government demanded the lifting of sanctions.

"Now we have agreed in principle to the amendment of certain clauses in our constitution in accordance with the wishes of the British Government, there is no longer moral or legal grounds for the continuation of sanctions against our country by Her Majesty's Government and the international community as a whole," he said.

The Bishop indicated his delegation's acceptance of the British proposals as a basis for detailed negotiations of an independence constitution in an eight-page statement.

The Rhodesian Prime Minister refused to answer questions, but added a sentence to the prepared text clearly indicating that Mr. Ian Smith, the former Rhodesian Prime Minister, had voted against the Government's present position.

His delegation of 12 members had, he said, taken a "vote by secret ballot" on the statement. "The vote was 11 for and one against," Bishop Muzorewa said.

The first reaction from the Patriotic Front, who had spent the afternoon in a further session of bilateral discussions with Lord Carrington, was critical. The Bishop was living in an "Alice in Wonderland

world" and Mr. Edisson Svbogo, a senior member of Mr. Mugabe's delegation, told journalists.

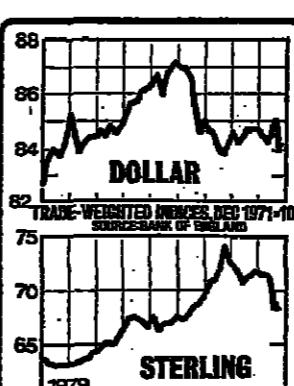
"Peace in Zimbabwe can come only with the full and complete concurrence of the Patriotic Front. His agreement with the British Government will not bring about anything. War continues until Presidents Mugabe and Nkomo agree to stop it. If he doesn't understand that, he doesn't understand anything."

However, the spokesman would not be drawn on the bishop's sanction demand, declaring that the object of the British Government had always been to work towards an internationally acceptable solution of the Rhodesian problem which would automatically lead to sanctions being lifted.

"Today's events are a step in that direction," the spokesman continued, "but the conference continues, and I cannot anticipate the outcome."

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House Page 3



Dollar remains weak

By Peter Riddell, Economics Correspondent

THE DOLLAR remained extremely weak yesterday in nervous foreign exchange market conditions. Widespread central bank intervention ensured that decline in the rate was only small, following the sharp fall on Thursday.

The U.S. currency was still volatile and dealers were confused about the intentions of the authorities. The result was heavy selling pressure. There is reported to have been big interventions by the Swiss National Bank since Thursday lunchtime, with action to be taken by the Bundesbank. Later in the day in New York moderate intervention is believed to have been made by the U.S. Federal Reserve.

Nevertheless, the dollar still slipped to DM1.7645 compared with a previous European close of DM1.7690 and it fell to SWFl1.5710 against SWFr.58124 on the following three months.

This compares with a trading range of DM 1.81 to DM 1.84 for the previous three months, and what had been seen as an official central bank floor of DM 1.80.

There are two main interpretations of the decline. One, for which there is some evidence from Washington, is that the U.S. authorities were caught unawares by the size of the selling late on Wednesday, and central banks did not resist the pressure until late Thursday morning.

The other explanation is that the major central banks decided to test the temperature; withdraw for a few hours to allow the dollar to depreciate slightly.

Consequently there has been considerable speculation about whether yesterday's intervention was a sign of the U.S. Fed's desire to establish a new trading range above DM 1.76.

Sterling had a relatively quiet day though the rate still fluctuated sharply. Over the day as a whole, the rate rose by a quarter of a cent against the dollar to \$2.1635 while the trade-weighted index increased by 0.1 points to 88.2.

Money Markets, Page 27

Halt to real profitability recovery

By PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RECOVERY in the underlying profitability of British industry has come to a halt so far this year in spite of a sharp growth in profits from North Sea operations.

This is indicated by the provisional estimate for Gross Domestic Product between April and June published yesterday by the Central Statistical Office. The estimate also confirms that total output grew strongly in the early summer.

Gross trading profits in the first half of this year were about the same as in the previous six months at £8.6bn after providing stocks caused by inflation.

These aggregate figures mask big variations between different parts of industry. Thus it is clear that North Sea profits, roughly a sixth of the total, have been rising sharply as a result of both higher production and the increase in oil prices. This has already been reflected in the result of, for example, British Petroleum.

Consequently the profits of the rest of industry may have fallen with manufacturing worse placed than service and distributive trades.

The underlying trend is slightly obscured by 1.7 per cent rise in profits net of stock appreciation between the first and second quarters. This is officially seen as in part the result of "some recomping of output lost through the adverse weather conditions and industrial disputes of the first quarter."

There was, however, little change in the underlying level of Gross Domestic Product between the second half of 1978 and the first half of 1979 according to the measure which takes an average of output, income and expenditure data.

The output measure suggests a rise of 1 per cent in the half year though about three-quarters of the rise is explained by higher North Sea oil output.

of cost pressures and the poorest international competitive position for more than 10 years.

Consequently the Bank said that real rates of return on net trading assets of industrial and commercial companies, excluding North Sea operations, could this year fall appreciably below the previous low point of 3½ per cent last year.

The new official figures indicate that Gross Domestic Product, the commonest yardstick of economic activity, rose by between 2½ and 3 per cent between the first and second quarters.

This is officially seen as in part the result of "some recomping of output lost through the adverse weather conditions and industrial disputes of the first quarter."

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Price of short tap cut

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BANK of England yesterday sold a significant amount of gilt-edged stock to the market for the first time for over a fortnight after the Government Broker cut the price of the short-dated tap issue.

Possibly about £100m to an original issue price of £97½ on August 15.

Until the reduction in price the yield on the stock, like the medium- and long-dated taps, had been out of line with the

Continued on Back Page

leave only about £150m or so of the £1bn stock still in the hands of the Government Broker, and the issue could be exhausted quickly.

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Continued on Back Page

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OVERSEAS NEWS

Rhoodie faces £46,700 charges

By Quentin Peel in Johannesburg

DR. ESCHER RHOODIE, the former South African Secretary for Information, who devised an international network of influence-buying and counter-propaganda to "sell" his country, was yesterday charged with fraud involving more than R83,000 (£46,700), in the Pretoria Supreme Court.

The charges, representing one of the final chapters in the so-called Muldergate scandal included using secret government funds to buy himself a holiday flat, and paying a series of cheques into the bank accounts of himself and members of his family from the department's secret slush funds.

Dr. Rhoodie, who was extradited from France last month to face trial, denied all the charges, claiming that the funds had been legitimate reimbursement of expenses. But he admitted paying the cheques into his personal accounts, and buying the flat in Plettenberg Bay, on the famous garden route of the Cape Province.

The trial is expected to reveal further details of the extensive secret activities of the Information Department, which was given more than R64m (£37.8m) in secret funds between 1973 and 1978.

A major question is whether Dr. Rhoodie will seek to implicate leading members of the Government in his activities, apart from Dr. Connie Mulder, his former Minister, and Mr. John Vorster, the former Prime Minister, both of whom have resigned.

Evidence was led yesterday on the extensive network of secret foreign bank accounts controlled by Dr. Rhoodie, including one Swiss bank account dealing with the affairs of a film company, which contained more than R3m. Mr. Braam Fourie, a senior accountant in the Information Department, said he had not found any errors in the transactions of those accounts.

Mr. Fourie said officials of the department often paid bribes to "collaborators" in cash, without receipts being issued. He admitted that certain documents relating to secret projects had been destroyed on Dr. Rhoodie's instructions.

Mr. Johan Krieger, Dr. Rhoodie's advocate, claimed that the order to destroy the documents was given by Mr. Vorster.

Mr. Fourie also confirmed that funds for the department's secret projects came from both General Hendrik van den Berg, the Secretary for State Security, and the Department of Defence. The latter which eventually came to more than R18m a year, had to be approved with a certificate of expenditure each year from the Minister of Defence—the present Prime Minister, Mr. P. W. Botha.

Kathryn Davies reports on a British businessman's battle in the Singapore Supreme Court.

Richard Tarling in the witness box

RICHARD TARLING'S legal battle to clear himself on five charges under Singapore's companies act is now in its 35th day.

The trial is taking place on the third floor of the Supreme Court building in a part of the city which was once the seat of British colonial authority. Next door is the City Hall, where Mr. Lee Kuan Yew, the Prime Minister, has his office. Facing the court across Saint Andrews Road is the Padang, once described as "probably the most English stretch of green east of Suez." The famous Singapore Cricket Club is just a stone's throw away.

But the courtroom itself reflects more Singaporean values.

There is no jury. The jury system inherited from the British was considered an anachronism in Singapore and abolished 10 years ago.

The proceedings are comparatively informal. The judge, Mr. Justice Kulasekaran, carefully writes down all the evidence in longhand, a procedure he has adopted since the trial began and which in part accounts for the length of time the case has taken so far.

Tarling is currently undergoing medical treatment for five slipped discs which are causing him considerable pain. However, he appears relaxed and confident in court despite having to give some of his evidence sitting down. Since his extradition six months ago he has been on bail of \$150,000 (about £35,000).

He has been living in one of Singapore's leading hotels and has been able to enjoy a comparatively normal social life out of court hours. His counsel, Mr. Howard Cashin, is also urbane and untroubled. Relations between the two men and Mr. Justice Kulasekaran are polite and unusually amicable.

Tarling faced his fifth full day in the witness box yesterday when he was cross-examined by

THE END OF BOKASSA'S EMPIRE

French troops in Bangui after coup

BY DAVID WHITE IN PARIS

FRANCE flew a detachment of troops into the newly restored Central African Republic yesterday at the request of President David Dacko, who returned to power in an overnight coup against Emperor Bokassa.

Two company's, totalling about 300 men, arrived within hours of the coup, amid reports of looting in the streets of the capital, Bangui.

The President, who scrapped Bokassa's short-lived empire and restored a republic, denounced his predecessor as a mad despot whose delusions of grandeur had brought the country to ruin. Emperor Bokassa is the third of Africa's强men to go this year, after Uganda's President Idi Amin and Equatorial Guinea's President Macias Nguema.

The French Government said its force would be withdrawn as soon as the Central African authorities had ensured the safety of the population. The French soldiers presumably have to stay at least until the Imperial Guard, the only effective fighting force, is disbanded, and the country's regular army re-equipped.

The promptness of the French Government's response, its first intervention in Africa since the Shaba rebellion in Zaire in May last year, aroused suggestions that Paris was informed in advance of the planned takeover.

Libya. He is believed to have stopped the bulk of its aid to Libyan leader when France turned to Col. Gaddafi, the country last month. The French action followed a report of the Emperor's alleged involvement in massacring 100 children during riots in April.

Emperor and President Dacko, who is his nephew, had agreed on carrying out the changeover as bloodlessly as possible.

The remainder of the Emperor's Government, including M. Henri Malou, the Prime Minister,

appears to have rallied to President M. Sylvestre Bangui, former

President Dacko, who was deposed in 1966 by the then Colonel Jean-Bedel Bokassa, was recently reported to have visited the French capital.

The coup took place as the Emperor, was crowned less than two years ago, was on a visit to

Emperor Bokassa was widely believed to be negotiating the establishment of a Libyan military base in exchange for financial assistance.

An agency report from neighbouring Chad quoted observers as saying that the

ambassador in Paris, who resigned and formed an opposition movement four months ago, sent congratulations to the President and said he hoped his liberation front would not be left out of the new Government.

Another contender for leadership, M. Ange Patasse, a former Prime Minister, called for French withdrawal, claiming that the troops were a source of tension. He also called for a general strike until he returns to the country.

The Emperor's exiled son, M. Georges Bokassa, gave a warning in a Paris magazine this week that his father's overthrow would lead to a bloodbath between rival tribal groups.

The situation threatens to expose France to another armed conflict, after the winding down of its other military engagements in Chad and in the Western Sahara region. France was long the mainstay of the Bokassa regime, contributing about half the national budget before its cancellation of all but humanitarian aid, when support for the Emperor became too embarrassing.

The French are eager to keep a foothold in the country, partly because of its strategic position between Zaire and Chad, and partly because of its uranium reserves, estimated at 15,000 tonnes.



'Corruption' audit for Pemex

By William Chislett in Mexico City

PEMEX, THE Mexican state-owned oil monopoly, is to open its books to a special audit to clear up accusations of corruption.

The allegations include appointments to sinecure posts, an unfair manner of awarding contracts and illegal participation in a film company, which contained more than R3m. Mr. Braam Fourie, a senior accountant in the Information Department, said he had not found any errors in the transactions of those accounts.

Mr. Fourie said officials of the department often paid bribes to "collaborators" in cash, without receipts being issued. He admitted that certain documents relating to secret projects had been destroyed on Dr. Rhoodie's instructions.

The request for the audit came from the National Action Party, which asked for a group of experts from the College of Public Accountants to look at Pemex's books.

Recently, the Pemex head has come under a cloud as a result of his alleged participation in Pemergo, the company responsible for drilling the Ixtoc offshore exploration well. It suffered a blow-out in June which has become the world's worst oil spill.

Mr. Diaz Serrano denied that he still owned any shares in Pemergo.

The negotiations are now believed to have come to a head, with Mr. Jody Powell, the White House Press Secretary, disclosing

Carter asks Russia for partial Cuba withdrawal

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER has asked the Soviet Union to withdraw at least some of the 2,500-3,000 combat troops it has stationed in Cuba, according to senior members of Congress who attended a White House meeting this week.

Intermittent talks between Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Anatoly Dobrynin, the Soviet Ambassador to the U.S. over the past two weeks have until now dealt with the facts of the presence of a Soviet brigade on the island, with the U.S. seeking an explanation from Moscow via Mr. Dobrynin.

The negotiations are now believed to have come to a head, with Mr. Jody Powell, the White House Press Secretary, disclosing

that Mr. Carter has directed his advisers "to prepare options for action by the U.S. if we could not resolve the situation satisfactorily." These options do not apparently include any threat by the U.S. of military action.

David Lasselle reports from New York: New York's major banks as well as the Bank of America, the largest bank in the U.S., yesterday increased their prime rates to 13% per cent, as expected, following the lead set by Chemical Bank on Wednesday.

The Federal Reserve Board appeared to intervene in the key Fed funds market to stabilise rates there at around 11% per cent, eliminating some of the uncertainty over its precise target. The move helped firm up the credit markets.

Finland revalued by 2%

BY LANCE KEYWORTH IN HELSINKI

FINLAND'S Government yesterday approved the central bank's recommendation that the external value of the Finmark should be adjusted upwards by 2 per cent. Added to exchange rate adjustments earlier this year, this means that the Finmark has now been revalued by 3 per cent since January.

Mr. Mauno Koivisto, the Prime Minister, said that the motive for the revaluation was "both

political and economic."

The Bank of Finland also announced that the basic interest rate will be raised from November 1 by 1/4 per cent to 8%

The Left-wing parties and the unions have been demanding a revaluation to counter imported inflation brought about by oil and raw material price increases since May. But early this month, before the 1980 Budget Bill was completed Mr. Koivisto said that revaluation was off the agenda for the foreseeable future.

The Bank of Finland also announced that the basic interest rate will be raised from November 1 by 1/4 per cent to 8%

Fiat car executive shot dead in Turin

By Paul Bettis in Rome

AFTER A lull of two months political violence broke out again in Italy yesterday following the killing by Left-wing extremists of an executive of the Fiat car group in Turin.

Sig. Carlo Ghiglino, head of planning of Fiat's car sector, was shot by four terrorists as he was leaving for work in the city. Responsibility for the murder was claimed by the Left-wing "Prima Linea" extremist movement.

Sig. Ghiglino is the third person to be killed this year by terrorists in Turin, which has been one of the main centres of political violence in Italy during the past three years. The Fiat group, based in Turin, has been a prime target.

Sig. Camillo Crociani, the fugitive defendant in the Italian end of the Lockheed scandal facing a two-year prison sentence, is reported to have been traced in Mexico.

Sig. Crociani, a former chairman of the state-controlled Finmeccanica holding company, fled from Italy shortly before the Lockheed scandal broke some years ago and is believed to have played a major part in the reported payment of \$1.6m by the U.S. company to secure the purchase by the Italian Air Force of 14 C-130 Hercules military transport aircraft in 1970.

The Italian authorities are now understood to be preparing to request his extradition.

Jobless figures darken Italy's economic outlook

By Our Rome Correspondent

ITALY'S economic outlook is increasingly uncertain following the publication of official unemployment and trade figures yesterday.

The rate of unemployment between April and July has increased by 1 per cent to 8.3 per cent with the number of people seeking work rising by 300,000. In the first week of July, 1,580,000 people were looking for work in Italy compared to 1,550,000 in April, according to the official statistics bureau. Of these, 73 per cent were aged between 14 and 29.

The statistics bureau yesterday confirmed the deterioration in the country's terms of trade. Italy's overall trade deficit in the first seven months of this year totalled 1,733 m lire (£968m) compared to a deficit of 1,546m during the same period last year.

Last July, Italy recorded a trade deficit of £888m, compared to a surplus of £5.5bn in June and a deficit of £374m in July, 1978.

which raised emotional hackles in Singapore.

Haw Par had been celebrated as one of south-east Asia's most respected Chinese family firms, making medicines under the brand name of Tiger Balm. The proposed merger with Pernas which would have effectively transferred control of the new company to Malaysia had not been cleared with the Singapore authorities.

As a result Singapore set up an inquiry to investigate the affairs of Haw Par in four areas. One of these was what Slater Walker described as an executive incentive scheme in a company named Spydar Securities.

The charges arose from the enquiry, although he was subsequently acquitted in Britain on all the charges connected with Spydar. On the remaining charges he could be sentenced to two years in prison or a \$2,000 fine (about £450) on each charge if convicted.

The prosecution expects to conclude its cross-examination of Tarling within the next two days.

No one here is prepared to make an accurate forecast about when the trial will end. Most estimates have so far been based on the conservative side. Mr. Tarling himself is understandably hoping for an early conclusion.

But pessimists are talking in terms of weeks rather than days.

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UK NEWS

Smith's week at Lancaster House

BY BRIDGET BLOOM AND MICHAEL HOLMAN

IT WAS, in many ways, Mr. Ian Smith's week at the Lancaster House conference, although the former Rhodesian Prime Minister, now just an "ordinary" member of the delegation led by Bishop Abel Muzorewa, may not see it as one of his proudest moments.

Mr. Smith, so long the defender of white minority rule in Rhodesia, this week conceded that the white political veto enshrined in the present Rhodesia constitution, which he negotiated with Bishop Muzorewa in 1978, would have to go. This important concession was made privately and was the outcome of behind-the-scenes negotiations at the Muzorewa delegation's Knightsbridge hotel.

The outside world should not be deceived by the former Prime Minister's symbolic vote last night against acceptance of the British proposals. His private

concessions have loosened the logjam in the two-week-old talks.

Mr. Smith shifted his position partly because of British pressure. Mrs. Margaret Thatcher, at the Commonwealth Conference last month, spoke of the white veto powers in the present Rhodesian constitution as one of the major "defective" elements which had to be changed at this conference. Lord Carrington and his officials have continued to ram the message home this week. Most of the black members of the Salisbury delegation recognised early in the week that Britain was saying that unless those powers went there could be no further negotiations.

Mr. Smith's concession fundamentally means that the delegation as a whole now agrees to negotiate on the basis of and possibly to accept in their entirety—the British constitutional proposals put forward to

the conference in its first week.

The limelight next week is likely to turn back on the Patriotic Front, the guerrilla alliance led by Mr. Robert Mugabe and Mr. Joshua Nkomo. Since Tuesday, the Front has met each afternoon in bilateral session with Lord Carrington. The mornings have been reserved for the bishop's delegation.

At Britain's suggestion, the front has begun to discuss a future constitution for Zimbabwe by undertaking a point-by-point examination of the headings in the British constitutional issue.

Several points of conflict have emerged. The key question is whether the Front can accept that some 20 per cent of all Parliamentary seats should be reserved for whites voting on separate electoral roles. The Front is, in principle, deeply opposed to special white representation.

Although a number of its leaders have said they could concede the point.

The going next week could well be tough. Most observers, however, believe that a combination of pressure from Britain and from the front line African states will put the Front on the defensive. Ultimately, it will not be prepared to break the conference on the constitutional issue.

But while a constitutional agreement is on the cards, an overall settlement still seems far away. British officials privately admit that there is less than a 20 per cent chance of agreement, so wide are the differences between the rival Rhodesian groups.

The problem is that neither side has a clear military advantage. Therefore, neither seems prepared to make concessions big enough to ensure overall agreement.

From this week's evidence,

the Muzorewa delegation has shifted its tactics, but not its strategy. Its overall aim is still to achieve a settlement which would leave the present structure of government essentially intact. It seems ready to make the concessions demanded by Britain only because it believes—almost certainly wrongly—that Mrs. Thatcher's Government will then lift sanctions and offer some form of recognition. It may accept British elections, but that is as far as Salisbury seems prepared to go.

The Patriotic Front insists that arrangements for the pre-independence transition are as important as the constitution. The Front submitted its own proposals for that transition in the week's only plenary session on Tuesday. It envisages an eight-member council running the country while elections are held and the rival military forces "neutralised." The coun-

THE CONSTITUTIONAL CONFERENCE



cil would be chaired by Britain and co-operate with UN civilian and military personnel.

Lord Carrington and his officials have adopted what they call a "building block" approach: first obtain agreement on the constitution (if necessary by finally putting forward a British document on a take-it-or-leave-it basis) then move on to agreement on elections, and only then seek to find agreement on the most difficult problems concerning the army, police forces, and a ceasefire.

Tories win London EEC by-election with reduced vote

BY PHILIP RAWSTORNE

THE CONSERVATIVES yesterday held the Euro-constituency of London South West—in spite of a massive slump in their vote in the first by-election to the European Assembly.

Miss Shelagh Roberts was returned with a majority of less than 9,000. She won the seat in June with a 31,000 majority, but was disqualified for being a member of the Occupational Pensions Board—an office of profit under the Crown.

Fewer than one in five voters bothered to go to the polls—and the Conservative vote was less than half its June total.

Miss Roberts, who will take her seat at Strasbourg next week as the Tories' 6th Euro-MP, said her reduced support did not reflect any dissatisfaction with the Government. "You can't read too much into this result when there was such a low poll."

Disasters

Lord Thorneycroft, Tory party chairman, welcoming the victory, described the low turn-out as "regrettable."

But Mr. Roy Hayward, Labour party general secretary, said the result would be the fore-runner of a series of electoral disasters for the Tories unless the Government changed its policies.

The result showed a swing of more than 5 per cent to Labour since June. But Dr. Tony Hart, the Labour candidate who held his share of the reduced vote, said the low turnout had not helped him.

Mr. Christopher Mayhew, the former Labour Minister who contested the seat for the Liberals, was the only candidate to secure increased support. He



Miss Shelagh Roberts boosted the Liberal vote by more than 2,000, and almost doubled the party's share of the poll.

Mr. Mayhew said the result was a vote of no confidence in the two major parties, and reflected growing public support for a change in the electoral system.

RESULTS

Miss S. Roberts (C) 41,096.
Dr. T. Hart (Lab.) 32,632.
C. Mayhew (Lib.) 23,842.
D. Smedley (Anti-Common Market and Free Trade) 1,830.
D. Massey (UDP) 305.
Con. majority 8,464.

June 1979 results: Miss S. Roberts (C) 83,498. Dr. T. Hart 51,742. B. Fogarty (Lib.) 21,251. Rev. C. Varah (Ind.) 3,613. S. Eustace (EFP) 497. (Con. majority 31,756).

Lloyd's reaches face-saving formula with Sasse syndicate

BY JOHN MOORE

Lloyd's of London has reached a face-saving formula with members of the troubled Sasse underwriting syndicate, facing £20.2m of losses, which could keep a proposed legal action between Lloyd's and more than 30 members of the syndicate from appearing in the courts.

Essentially, bridging finance for the members who are finding difficulties in meeting the annual audit is to be provided by the Lloyd's underwriting agents who introduced members to the Sasse syndicate.

The agents will, in effect, be lending the money to Lloyd's who will advance the money to the members. This will be repaid to the Lloyd's agents over a period, but in the event that the members are successful in litigation using arbitration procedures, scheduled for next year, Lloyd's will make up any shortfall from community funds.

Although Mr. Ian Findlay,

Lloyd's chairman, wrote to the members of the syndicate on August 31 telling them that the Lloyd's audit completion date had been extended to September 30 "and no further extension can be contemplated," the audit date is now likely to be extended to October 15.

Negotiations have taken place between counsel representing Lloyd's and members of the Sasse syndicate and Mr. Justice Donaldson. A framework has been devised that will enable the members at dispute with Lloyd's to satisfy the audit requirements of Lloyd's, whereby all members of Lloyd's have to show that their assets are sufficient to meet their liabilities, without conceding their legal rights.

Even those members of the 110 strong syndicate fail the audit. It is understood that they will not be suspended from underwriting without being assumed to be in default under Lloyd's rules, pending judgment to be conducted in arbitration.

Mr. Michael Somerset-Leake,

Parties to the judgment will have the right of appeal.

Mr. Ian Findlay, the chairman of Lloyd's, and Mr. Stephen Merritt, the former manager of the Sasse syndicate, have been invited to the Royal Ordnance Factory at Leeds, which was hit hard this year by the loss of an Iranian order for over 1,200 Shir Two heavy battle tanks.

The MoD discussions centre

on whether the Army's additional tanks should be of the existing type of Chieftain, or

some time for additional tanks, primarily Chieftains, to be built. The Army has been pressing for some time for additional tanks, primarily Chieftains, to strengthen its forces in Western Europe in the face of the

Warsaw Pact tank build up in NATO's Central Region, where the West is outnumbered in tanks by 2.8 to one.

These additional tanks are needed well in advance of the introduction of the eventual Chieftain replacement, the MBT-80, now starting development in the UK, which will not be ready until the late 1980s.

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London and Midlands brokers merge

CONI AND COVINGTON, a small London stockbroking firm, is to merge with Gilbert Jeffs and Sankey, a small Birmingham-based firm.

The merger will become effective on October 8. The firm will be called Coni, Gilbert and Sankey.

Mr. Michael Somerset-Leake,

senior partner of Coni and Covington, said the merger was not due to slack trading conditions. The firm had just had a record year.

Coni and Covington wanted to obtain a larger spread of business and attract further institutional clients through analysis of local companies in areas of

Birmingham and Wolverhampton. Gilbert Jeffs and Sankey wanted a London office to ease administration and help develop contacts.

The merger follows a bigger one announced this month between W. L. Carr and Sons and Co. and Joseph Sebag and Co.

£50m plant plan to be withdrawn

Financial Times Reporter

AN EDINBURGH consortium has told Orkney Islands Council that it proposes to withdraw its application for outline planning permission for a 550m project to develop a North Sea natural gas liquids storage and processing plant.

It was planned to put the plant on two supertankers, to be berthed in a bay on the north-east side of the island of Flotta. The site is about one mile east of the existing £121m oil terminal operated by Occidental.

The consortium says it wants to resubmit an up-to-date application after reconsidering a number of points in the scheme.

It said it was considering the possibility of alternative sites. It would take time to confirm whether or not one or more mutually acceptable sites could be available in Orkney. "We would now like to examine this matter in further detail with you."

The consortium comprises three Edinburgh-based companies—Liquid Gas Equipment, Ben Line Steamers, and Edinburgh Financial and General Holdings.

Knott Mill chairman resigns

MR. PETER SCOTT has resigned as managing director and chairman of Knott Mill Holdings and sold all his shares in its parent company, Kitchen Queen, the furniture group.

The resignation was due to "rationalisation of our management structure," said Mr. Malcolm Roussak, finance director of Kitchen Queen yesterday. Mr. Scott and Kitchen Queen

had "a difference of approach, particularly over the development of sites owned by Knott Mill," he said. But the parting of the ways had been "very amicable."

There is to be no compensation payment. Mr. Scott received more than £1m for his shares in Kitchen Queen when Knott Mills was taken over.

Why every serious investor should consider the Save & Prosper Property Fund

Of all investment sectors, commercial property is especially resilient and generally unaffected by short-term economic and political factors. At the same time, many types of property offer good investment prospects because of capital appreciation through rental growth.

For this reason many investment managers of insurance companies and pension funds—where security and stability are vital—consider it appropriate to invest 20-25% of their assets in property. Given that you probably have similar investment objectives, you should seriously consider investing a similar proportion of your capital in property.

As with most types of investment, selectivity and a broad spread of assets are vital for success. For the private investor the most practical way of achieving these is through a professionally managed fund such as the Save & Prosper Property Fund.

Save & Prosper Property Fund

We consider that this Fund is particularly well-structured to take account of likely developments within the UK economy.

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Retailers consider that optimum turnover can only be achieved through the best trading pitches. For this reason competition for prime shop properties such as those held by the Fund, will remain intense.

Similarly, in office properties, the emphasis is on prime sites in selected locations in such areas as the West End and the City of London, where the Fund now has a substantial commitment.

In industrial property generally, there has also been a steady rise in rental values in recent years. All the industrial properties in the portfolio have rent reviews between now and 1983 and, given the Government's

intention to create a more positive climate for industrial investment, these properties should be of significant value to the Fund.

additional rates of tax on cashing in their bonds. Now, the combination of raised thresholds and lower rates of tax, introduced in the Budget has made property bond investment much more attractive to such people.

About Save & Prosper

Save & Prosper Group was founded in 1934 and in addition to being Britain's largest unit trust group is also a major force in life assurance, pensions and annuities.

At 1st July 1979 the Group managed £980 million on behalf of some 700,000 investors.

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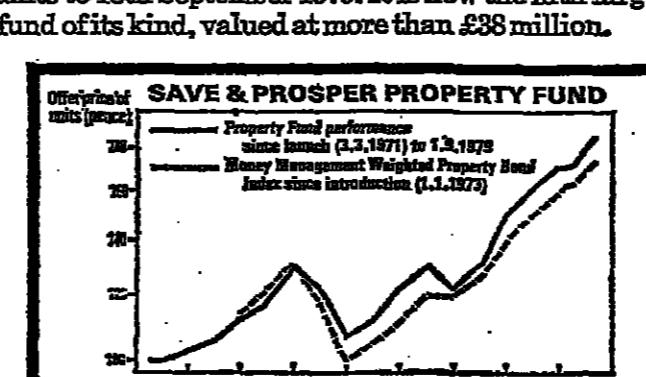
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UK NEWS

Channel hovercraft take ferry business

BY LYNTON MCALPIN

CHANNEL FERRY services lost business in the first six months of this year to Seaspeds hovercraft, in a development expected to give the British Rail company its most successful year since services began in November, 1962.

This is the estimated cost of providing spares under guarantee for Concorde in service with British Airways and Air France, and completing the static and fatigue test programmes. A similar sum is likely to be spent by the French Government.

By the end of last year, total net spending on Concorde by the UK since late 1962 had amounted to £72m, including research, development and production. Together with spending so far this year, and the further support costs, the figure is expected to have risen to nearly £90m in the UK alone by 1983.

The million-passenger mark passed a few days ago and Seaspeds expects to have carried 1.3m passengers and 205,000 cars by the year end.

However, Mr. Alan Tame, marketing director, said next year would be a "big test for the credibility of the hovercraft."

He forecast little growth on the short Channel routes, although the hovercraft may carry 1.5m passengers and about 220,000 cars.

Lower fares

Most future growth would be at the expense of ferry companies, now expanding their own passenger and car carrying capacity.

Normandy Ferries will increase its Channel capacity by 50 per cent with a third ferry next summer and European Ferries plans to introduce two more large capacity ferries at the same time.

This extra capacity will certainly lead to intense pressure for lower passenger and car fares on short Channel routes. Nevertheless, Seaspeds expects to raise standard fares in line with inflation. The competitive element will come with bargain fare offers.

• Sealink UK said yesterday that passenger, motorist and car fares on some Weymouth and Portsmouth sailings to the Channel Islands will rise by an average of 17 per cent from October 1. The single passenger fare from £12.65 to £14.50, and the single car rate from £18.40 to £21.50 on the Weymouth to Guernsey and Jersey routes.

Howe defends multinational investment

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday came to the defence of the "much-maligned" multi-national company investing in Britain with a near-zero growth rate.

Speaking in Oxford, Surrey, constituency, he said: "The state of the British economy is frighteningly bad, with total growth about zero."

"There are some companies and industries that are manifestly bad, but against that some are achieving 2, 3 or 4 per cent growth."

He said that the much maligned multi-national companies were going from strength to strength in spite of the state of the economy.

Sir Geoffrey was opening a factory extension of Ajax Magnethermic owned by the London-based multinational Guthrie Corporation.

PM visits new town

MRS. MARGARET THATCHER will visit Milton Keynes on Tuesday to open the town's new shopping area—one of the largest covered shopping centres in Europe. She will also visit housing and employment developments in the town.

Powers retained

COUNTY AND district councils will retain their powers in the fields of recreation, sport, the arts, museums, industrial promotion and tourism. Mr. Tom King, Local Government Minister, said yesterday.

RIPA president

LORD BOYLE will succeed Lord Redcliffe-Maud as president of the Royal Institute of Public Administration, which is concerned with policy making and management in the public sector. Lord Boyle is also chairman of the Top Salaries Review Board and Vice Chancellor of Leeds University.

Concorde could cost state further £80m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT will have to spend up to £80m over the next four years in continued support of Concorde, before it can finally end its connection with the programme begun in November, 1962.

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Local authorities 'must face facts'

LOCAL AUTHORITIES should

wake up to the facts of life

and not presume some divine right to spend money the country does not earn, Lord Bellwin, Under Secretary at the Department of Environment, said yesterday.

Lord Bellwin, speaking in Morecambe to the Chartered Institute of Public Finance and Accountancy, said the Government's decision to reduce the rate support grant provided an opportunity for local authorities to become "more streamlined

and to pare down unnecessary

and excessive activities."

He said the Government was

closely considering the rate

support grant system which "did

not adequately distinguish

between those authorities which

are economising in a responsible

way and those which are

spending extravagantly."

There was considerable scope

for the majority of local

authorities to absorb expenditure cuts by increased efficiency,

said Lord Bellwin. Councils

should not expect hard pressed

ratepayers to make up for the

cut in rate support grant.

He said that nobody could

deny there was overmanning in

local government. It would be

unacceptable if authorities

were to choose "to cut standards

of service instead of tackling

the basic problem of over-

manning or bad deployment of

staff."

Local authorities should be

more ready to compare and

review their own unit costs

against those of the more

efficient councils.

The consultants call for a cut in the number of in-patient beds in the Guy's district by 112 to 783.

In-patient services at St.

Olive's Hospital, Rotherhithe,

other two hospitals in the dis-

trict—Guy's and New Cross hos-

pitals.

The commissioners say that

their plans involve the

"minimum loss of services to

patients consistent with the aim

of reducing expenditure by the

required amount.

The proposal fully protects

the scale of service for the priority groups—the elderly, the mentally ill, the younger chronic sick and services for children."

The commissioners have already decided to proceed with the temporary closure of the 18-bed St. John's hospital, Lewisham.

The consultative document has been sent to community health councils and staff within the area for comment or alternative plans. The commissioners say the proposed reduction in services would save £640,000 in the first six months.

Miss Beryl Urquhart, secretary of the Guy's District Community Health Council, yesterday attacked the commissioners' plans as "unacceptable."

COMMISSIONERS put in

charge of London's "rebel"

health authority yesterday pro-

posed a 10 per cent cut in acute

hospital services in the Guy's

teaching hospital.

The proposals, made in a con-

sultative document by the five

commissioners in charge of Lambeth, Southwark and

Lewisham Area Health Authority, also calls for substantial reductions in staff levels

to become "more streamlined

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Kissinger-his verdict on the West.

NOW! examines the way his major new book will influence Western policies.

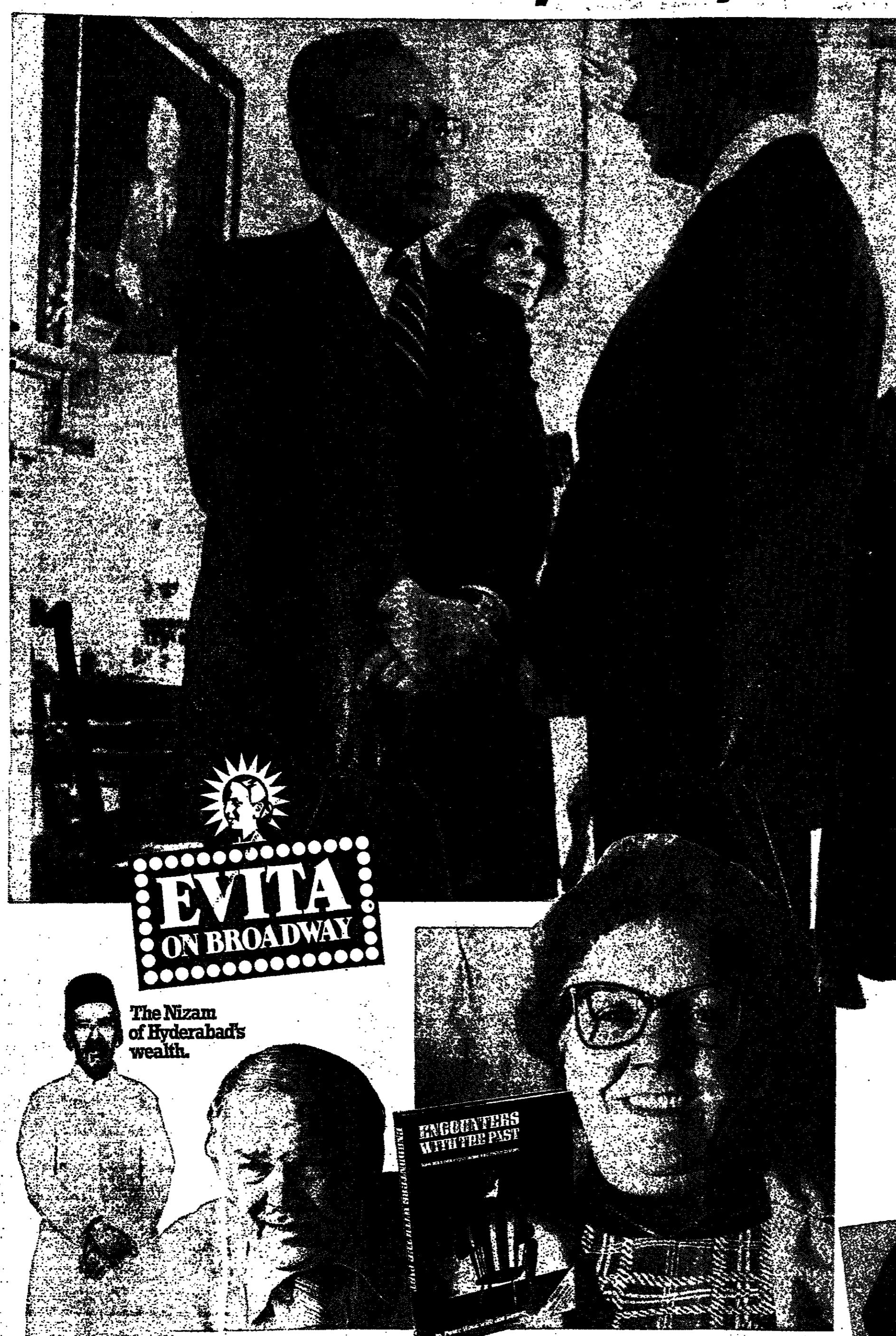
Henry Kissinger, the man who left Harvard to mould the foreign policy of the free world, is about to publish his memoirs.

What is the verdict on where the United States stands today?

Is the world now in greater danger of war?

What impact will his views have on the policies of the Western Alliance?

This week NOW! magazine examines these important questions.



ENCOUNTERS
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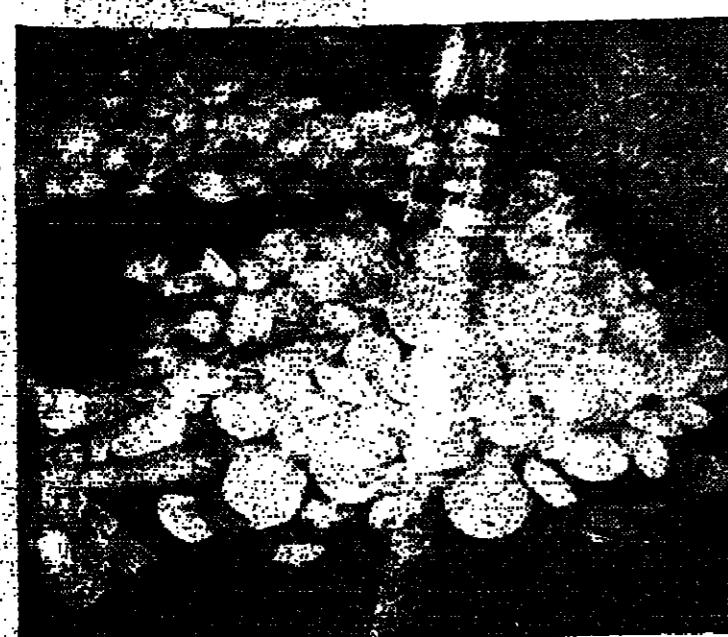
NOW! with the help of experts, investigates the case of Anne Dowling and the claims of a remarkable new book, "Encounters with the Past".

This week in NOW! you can read about how the Engineering Union brought the three day week back to Britain; the tragic predicament of the Kurdish tribes in Iraq; the fortunes of Tim Rice and Andrew Lloyd Webber on Broadway.

Anthony Shrimpton gives his views of Edward Kennedy; Patrick Huber says what should be done about British Leyland; Frank Johnson takes a look at Margaret Thatcher's relationship with the Unions; and Clive Barnes has been examining American Television.

There's a profile of Lord Goodman, one of the most fascinating men in public life; and a look at the riches of one of the world's wealthiest men.

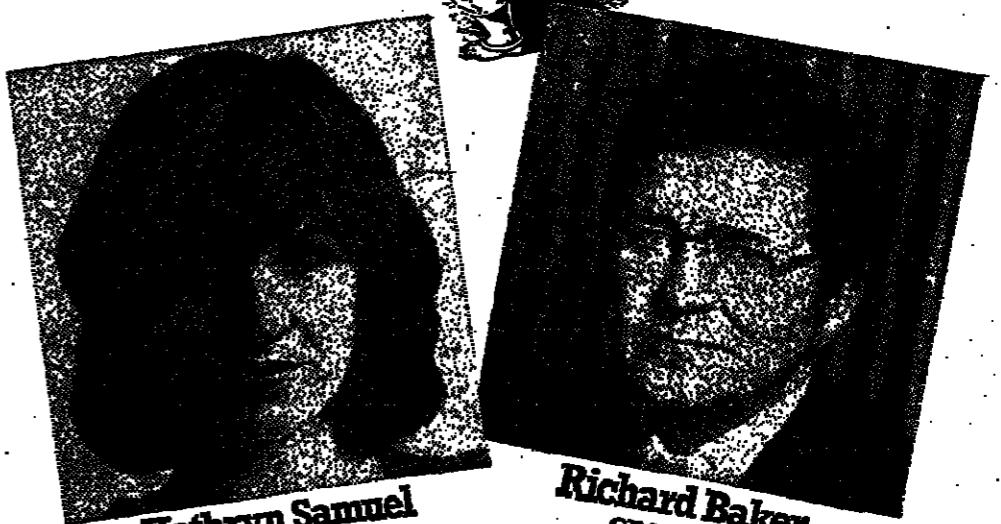
A new letters column will give you a chance to compare your views of NOW! magazine with those of others. The Editor of the Sunday Times wrote in last week's Daily Mail: "When Frank Johnson, Patrick Huber and Clive Barnes get into their stride, they are worth 50p in themselves." And that's only three pages!



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The man behind Lord Goodman.



Kathryn Samuel
on fashion.

Richard Baker
on music.

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THE WEEK IN THE MARKETS

Back to the bad old days

It could have been a great deal worse. The news headlines this week were enough to test anyone's nerve—near panic in the bullion market, a worsening of the engineering dispute and an extremely bearish forecast from the Bank of England. The squeeze on corporate liquidity over the next couple of years it said, could be as bad in real terms as it was in 1974-75.

But although share prices have slipped back a little over the week, there is no sign of any real shift in sentiment. The FT-Actuaries All-Share Index remains flat in the middle of a trading range which extends back to the Budget in June. Gilt-edged securities, too, have held up well in face of the decline in sterling and short term interest rates remain more or less at last week's level.

One rather worrying feature, however, is the fact that companies are still managing to disappoint the market with their results—despite the fact that everyone is now aware that profits are under pressure. The worst performing shares this week have been Stone-Platt and Rowntree Mackintosh, and shares in a number of other companies which have recently made trading statements have also done badly—like Roseware, Brown Boveri Kent, Thorn-Orbit-Royce. The suggestion is that city analysts are still being too optimistic.

Moving targets

"It's frustrating, to say the least," says Mr. Paddy Custis, GKN's finance director. Until the engineering dispute came to a head, GKN was all set to reap the first rewards of its major reorganisation in recent years. Half-time profits, reported on Thursday, were more than a quarter higher at £53m pre-tax, and for most of this year the group has been moving ahead in all its major businesses.

Now the short term outlook is an open question. GKN, it's a number of other engineering groups, says that the current dispute is much more damaging than was the three-day week imposed by the Heath administration. It is much too soon to work out the cost in terms of lost earnings. But in a high break even business like engineering, as Mr. Custis explains, "You only start to make profits on Fridays."

With every week that the dispute drags on, profits targets for GKN in the current year have to be reduced. The same applies to Delta Metal, which also reported a rise in its interim profits this week. Some of Delta's factories are still working more or less normally, but a tenth of its manual work force in the UK is now laid-off, and

GKN has also been laying men off this week.

Not surprisingly, engineering shares have become the walking wounded of the stock market, with many of the big names slipping to their year's low point in the past few days. Reasonably secure double figure yields are now commonplace. Delta, for example, currently yields more than 12 per cent while GKN offers around 10 per cent on an unchanged payment.

There is a fair chance that both companies will increase their dividend this year unless the dispute drags on for much longer.

But although GKN is being blown temporarily off course,

LONDON ONLOOKER

the underlying trend in its business is healthy. In the past couple of years, the group has closed down a string of unprofitable businesses—often quite small—and has sold a number of low yielding assets. At the same time, it has been shifting its resources into automotive components—buying distribution businesses and investing heavily in production facilities for constant velocity joints. Sales here are moving ahead strongly, as a result of a swing around the world towards cars with front wheel drive.

It has been an expensive process. This year, GKN expects to show an extraordinary charge of £25m after tax, which will reflect closure costs and losses on sales of investments. But the interim figures suggest that the pay-off could be substantial.

Stoney end

Much of Stone-Platt's business is healthy but, after a near collapse of interim profits, the group was forced to reveal exceptional difficulties in its principal subsidiary, the UK end of Platt Saco Lowell. The domestic spinning machinery operation, based in Lancashire, lost more than £2m in the first six months of 1978 against a comparable surplus of over £1m. A serious delay over a £30m order for Saudi Arabia was largely responsible but the group has also had to take swift action to set up the management holes created by low margin orders and a seeming willingness to make for stock.

The textile machinery capacity that Stone-Platt now wants to take out of PSL's Oldham plant is in drive to cut overheads can, fortuitously, be switched to electrical production, a sector in which the group's Crawley plant cannot cope. Moreover, the board believes that the problems in PSL can be solved by the end

of the third quarter and still holds out hope of maintaining the 1978 final dividend.

But, if engineering analysts have been slow to scale down forecasts now that the national strike has taken rigorous hold, they can perhaps just be forgiven for under-estimating some of the exceptional factors that a period of poor production, low demand and adverse currency rates has begun to expose.

Sweet and sour

Rowntree Mackintosh and United Biscuits, the two food companies that reported half-time figures during the week, have a good deal in common. Both have strengthened their market positions against their principal competitors, Cadbury Schweppes and Associated Biscuit Manufacturers, but are now having to fight hard to hold the ground they have gained. Both have made heavy investments in new trading areas—European confectionery for Rowntree, fast food, frozen foods and U.S. biscuits for UB—and are waiting for the payoff to come through to profits.

This year, though the haulage strike has hit hard, as well as the competition. Both companies claim to have lost in excess of £5m directly or indirectly, from the effects of the strike. Rowntree lost a big slice of export business and UB was left without enough stock to cope with much higher demand for chocolate biscuits in the spring.

Another shared problem is the rise in VAT—both groups were at pains, to point out that the majority of their products do not qualify, as most foods do,

for VAT exemption. They agree that demand fell off sharply when the higher rate came into force—but people do, after all, remember very clearly what low-priced items like confectionery and biscuits cost, and are very sensitive to higher prices. UB reckons that a recovery in demand is now under way, but Rowntree is more cautious—it feels that its customers are trying to reduce their stocks, and that the benefit of higher consumer demand will take some time to get through to them.

Although the final results for the year will depend to some extent on the behaviour of sterling, it looks as though UB will be able to catch up in the second half and at least match the 1978 profits of £42.2m, whereas Rowntree is likely to fall short of last year's £45.1m.

The shares of both companies

have

a prospective 6 per cent or so and trade on about 10 times fully-taxed earnings. Both are looking forward to substantially higher profits in the early 1980s—UB is perhaps more likely to get there first.

Fred fights on

The run up to the initial closing date of Dalgety's £70m share offer for Spillers yesterday has been punctuated by sniper fire rather than a heavy bombardment. Dalgety was hit from a neutral corner early in the week when a case committee set up by the Investment Protection Committee of the National Association of Pension Funds obliquely advised its members to turn down the capital raising proposals necessary for Dalgety to proceed with its bid.

Another shared problem is the

A few valuable yards gained by Spillers, perhaps, but the advice was quickly turned down

by the pension fund investor, the Merchant Navy Officers Pension Fund, and the instant, and probably correct, reaction from other institutional investment sources was that Dalgety's shareholders should either sell or support the board. The extraordinary meeting to vote on Dalgety's share capital increase takes place on Monday and it could be exciting. Meantime, the level of acceptances received from Dalgety's offer were counted last night and will not be announced until Monday morning. Spillers' shareholders should sit tight since many institutional investors, holding stock in both companies in several cases, have been inclined to the view that

Dalgety has not been overgenerous.

Dalgety reacted angrily yesterday to suggestions that it had an open cheque book to increase the offer without consulting its shareholders, but Spillers' own publicity machine hardened by a sample poll of its own shareholders was quite ready to fire a few blanks in the hope of unsettling its target.

The defence pointed out that its assets were worth £3.5p per share, or a premium of perhaps £20m to Dalgety's current terms, but its assertion that the bidder's profits have not included a currency translation loss of £1.5m was immediately referred to the Takeover Panel which demanded a reference to Dalgety's entirely correct transfer of such items through reserve. Spillers was unfurled by this ricochet.

Dizzy times

THE STOCK MARKET had some trouble keeping up with events this week, veering this way and that as interest rates soared, the dollar plunger, and gold and silver careered ahead. But it ended the week looking a bit like the winner of an obstacle

NEW YORK STEWART FLEMING

race—dizzy and out of breath, but pleased with the result.

It was a difficult course to read. On the one hand economic activity seems to be flattening out, opening up the prospect of lower inflation. Brokerage houses have also begun reminding their clients that a big market recovery always starts a few months after the recession.

Not surprisingly, the week's star performers included the gold and silver mining com-

pany, though they lost some of their bloom after Wednesday as precious metal prices weakened. ASA one of the most active, opened the week at \$27 and was up more than \$4 by mid-week. But it shed half of this gain later in the week.

On the other hand, though interest rates are still soaring due to high loan demand, inflation and the need to protect the dollar. Corporate profits are therefore likely to show some solid gains, and so, presumably, are stocks.

The week began with the good news that the autoworkers had settled with General Motors, averting a strike. But with that threat out of the way, the market quickly turned to the next one—a further rise in interest rates. On Tuesday the Federal Reserve Board upped the discount rate to a record 11 per cent, and in the next two days Fed funds went up too. By yesterday, all the major banks had also increased their prime rates to a record 13.2 per cent.

Anticipation of the Fed's move pushed stock prices down across a broad front on Tuesday. But the market was quick to note that the Fed board was still pushing interest rates higher.

The Hibernia saga was short-lived, though. Test results at the well yesterday were disappointing and the market reacted negatively. Lopping off most of the previous day's gains. Trading in most oil majors had to be halted while a massive order influx was sorted out, and this dissipated some of the euphoria.

Cornfeld faces court battle

GENEVA BRIJ KHINDARIA

MR. BERNARD CORNFELD, the U.S. financier whose far-flung empire managed more than \$2bn of other people's money in the late sixties, will be in the dock at a Geneva court on Monday, accused of criminal fraud.

After a six-year legal battle to avoid prosecution, Cornfeld, aged 52, will appear before a criminal judge on charges that the defence attorneys say are unclear and cannot be made to stick.

Cornfeld founded the controversial Investors Overseas Services (IOS) mutual fund empire in 1956 based in Geneva, partly to take advantage of tough Swiss laws on banking secrecy and the then lax rules covering activities of investment managers.

According to defence attorneys, the new issues were underwritten by a consortium of prestigious banks, including

Rothschild, Credit Suisse, Barclays, Westminster, Drexel Harriman, and Hill Securities. The 30-member board of IOS in 1969 consisted of Cornfeld, who was the chief executive, and some notables, including Sir Eric Wyndham White, former attorney-general of the General Agreement on Tariffs and Trade (GATT); James Roosevelt, son of the late U.S. President; and Eric Mende, former vice-chancellor of West Germany, the attorneys say.

At the time of its conversion to a public company, the price of each share was fixed at \$10 but stood at \$19.25 on the emission date, September 24, 1969. The price stayed above

the \$10 level until April, 1970, and then suddenly plunged to \$4.45 in May, 1970 and was below \$1 in January, 1971.

The trouble began when Cornfeld decided in 1969 that IOS should become a public limited company quoted on the Toronto, Montreal, Luxembourg and Amsterdam stock exchanges.

Cornfeld was arrested in May,

1973, but was freed year

later on a record bail of

SwFr. 5m (£3m at current exchange rates).

When the trial opens on Monday, the prosecution will charge Cornfeld with criminal fraud, arguing mainly that when IOS became a public company confusion was deliberately created so that buyers of shares did not know whether they were purchasing new issues or shares divested by existing holders.

The main point at issue will be whether Cornfeld as the chief

executive was then aware that IOS was on the brink of collapse and allowed the then-shareholders to sell off up to half their holdings at an inflated price.

The defence will argue that the eminent banks who underwrote the new share issue, as well as Cornfeld, were convinced of IOS health when the public issues were floated. The strong demand for the shares for six months after the emission date showed that the \$10 opening price was not unduly high.

The defence, which will call about 100 witnesses, compared with the prosecution's 15 witnesses, will seek straight acquittal for Cornfeld. If found guilty, Cornfeld would face a jail term of up to ten years. Under Swiss law, he would not be able to appeal against any verdict.

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This is not much comfort for the UK shareholders, of course, but it helps to explain the current situation in the market.

The major overseas buyers of gold shares have been the Americans and it is estimated that they hold as much as 25 per cent of the total shares in issue.

Much of the buying took place earlier in the year and feeling, perhaps, that they had bought enough shares for the time being, U.S. gold bulls turned their attention to dealing in the metal itself via the futures market.

The controversial auction was to have had the Supreme Court of India as the unusual auctioneer; the Nizam, Mir Orsam Ali Khan VII, was said to be the richest man in the world when he ruled the southern state of Hyderabad. Although he led an ascetic, miserly life without personally enjoying the millions he owned. He died in 1967.

The brighter side of the picture is that motor-cars are still making handsome profits (leaving aside the engineering strike for the moment) and the manufacturer of aerospace components, many of whom supplied to the nationalised Rolls-Royce, has recovered from the lean period of early 1978. And borrowings should steady once the new car launch is completed.

No doubt the new car will be the epitome of effortless elegance. But for Rolls-Royce, the most painstaking of parents, it will have been a most difficult birth, and an exceptionally expensive one.

K. K. SHARMA

ROLLS ROYCE MARTIN TAYLOR

THE ROLLS-ROYCE aero-engine factory at Derby has been the cockpit of the engineering disputes over the last week. The management's decision to close the plant down for the duration of the strikes has led unhappy trade unionists to accuse the Government of using a public-sector company, supported by tax revenues, to try to break what is principally a private-sector strike.

The strike is certainly very bad news to the private sector which bears the Rolls-Royce name, Rolls-Royce Motors Holdings at Crewe, the activity that was put together from the profitable parts of the bankrupt Rolls-Royce group and floated off as a public company in 1973. It has come at a particularly inopportune time: Rolls-Royce Motors is engaged in a very heavy spending programme, much of it linked to the new range of cars which will replace the Silver Shadow, and its profits were already under pressure.

"I can't stress too firmly how damaging it is," says managing director David Plastow. He reckons that the car plants, now working three days a week, are producing less than half their normal output. As Rolls-Royce is in the happy position of being able to sell every car it produces, the lost production has a direct impact on profits.

When the new car begins to be produced—the date is still a secret, but it should be some time in 1980-81—earnings will come under some strain as, quite apart from the heavy capi-

tal spending, and launch costs, extra stocks will have to be carried, and during the change-over period the factories will not operate in the most efficient way.

Lower profits add a worrying dimension to Rolls' need for cash, which is rising all the time. Last year it spent £16m on fixed assets, and the 1979 figure will be substantially higher. Working capital has swollen by £7.8m in the first half of this year alone. So borrowings have jumped—by £1m in the six months to June, as much as in the whole of 1978—and net debt is now £36.3m, compared with shareholders' funds of £58.6m. In the last couple of months the company has been slammed on the brakes, at least as far as working capital goes, but borrowings will certainly rise further in the second half of the year.

The main spring of Rolls' hopes on the military side was the contract to supply 1,350 tank engines to the Shah of Iran. A British Government contract. This has been cancelled—so far without compensation—and there is nothing at the moment to replace it. The CV12 engine for the new British battle tank, the MET-80, will not make a full contribution to profits until production starts in 1986.

Rolls has been trying to land the immensly valuable contract to supply engines to the new U.S. tank, the Chrysler XM-1. "We're in there fighting for it," says Mr. Plastow—but this is not the sort of thing Rolls can rely on.

At the same time demand for industrial diesels from the most promising markets—the Middle

East and Nigeria—has dried up, and the group sees no sign of any recovery yet. The outcome of all this is that diesel sales contributed in 1978 may well turn into a small loss for 1979.

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FINANCE AND THE FAMILY

Appeal against capital gains tax

BY OUR LEGAL STAFF

I have an assessment from the Inland Revenue for £145.50 Capital Gains on Unit Trusts for 1978-79. Total disposals all unit trusts £4,478, capital gains £2,704, losses brought forward £735, net gains -970 x 15 per cent CG tax = £145.50 due. In several newspapers and in the managers report of several unit trusts they say that disposals of £3,765 will be free of Capital Gains Tax for 1978-79 only, with Capital Gains Credit on unit trusts at 10 per cent for 1978-79 and also for future years? On the basis of the bare facts given, we suggest that you write to your tax inspector along the following lines:

Acting on advice which I have just received, I am writing to give notice of appeal to the Special Commissioners against the 1978-79 CGT assessment dated August in the sum of £1,090 (Assessment No..... File No.....). I propose that the assessment be increased from £1,970 to £2,704, namely the total amount of chargeable gains accruing to me in that year of assessment, in accordance with section 20(4) of the Finance Act 1965. The assessment should be as follows:

Taxable amount £2,704.
CGT at 15 per cent on £1,090 = 255.60
Less: Credit on £2,704 under section 112(3) (a) of the Finance Act 1972 255.60

CGT payable NIL

I therefore apply to postpone the whole of the tax demanded

(£145.50), in accordance with section 55(3) of the Taxes Management Act 1970." For 1978-80 onwards (until the law is changed), the effective scale of CGT for someone whose chargeable gains are derived solely from disposals of fully qualifying unit trust units and investment trust shares, etc. (as defined in section 94(2) of the Capital Gains Tax Act 1979) is as follows:

Nil on the first 23,000
5% on the next 22,500
40% on the next £4,500
20% on the remainder for 1978-79; the corresponding effective scale was:
Nil on the first 25,757
14% on the next £1,335
33% on the next £3,722
13% on the remainder

Interest on unpaid tax

INTEREST ON UNPAID TAX

I am a non-resident for tax purposes in the UK. An assessment in respect of my UK income for 1977-78 was raised on April 17, 1978, for £975, against which I appealed in a letter dated May 15, 1978. I received no acknowledgement from the Inspector to this letter and, consequently, in a letter of July 11, I requested a response as I was "anxious to settle the tax payable." I did not receive a reply until November 3, accompanied by a new assessment for £163.84, which I paid a reply until November 3.

I have now been charged interest of £30.50 from July 1, 1978, to January 18, 1979, for late payment of tax payable. I wrote to the Collector of Taxes protesting that the late payment was due exclusively to the Inland Revenue failing to reply to my letters without considerable delay, and was told in reply

that this cannot affect the interest charge. Is this correct? The collector is right, and the law (the Finance (No. 2) Act, 1975) does not give him any discretion to waive collection of amounts of interest exceeding £10.

It is not clear from your letter why you made no payment before July. Giving notice of appeal did not in itself relieve you of the obligation to pay the sum of £975 to the collector by May 17. If you did not apply to postpone payment of any of the tax demanded, then it is puzzling that the collector did not press you for payment of the full £975 in the second half of May. Or the other hand, if you applied to postpone payment of the whole of the tax, then it is not unreasonable to suppose that you be required to pay interest on tax which you deliberately postponed—but you do not say whether you could have made a reasonable estimate of your true liability at the time you appealed.

If you consider that you have suffered injustice as a result of maladministration at the tax inspector's office, you could ask an MP to refer your complaint to the Parliamentary Commissioner (the Ombudsman). We cannot comment on this aspect, on the basis of the bare facts given. In any event, as the Parliamentary Commissioner's recent reports are likely to lead to some modification of the 1975 rules governing interest, etc., you may wish to draw an MP's attention to the iniquity in the treatment of non-residents under the Finance (No. 2) Act, 1975: a non-resident may be charged interest on tax postponed during an appeal (as you know to your cost), but non-residents are denied interest (repayment supplement) on delayed tax refunds by section 47(1)(a) of the Finance (No. 2)

Act 1975. It seems reasonable to expect Parliament to be evenhanded in its treatment of overseas tax debtors and creditors—especially since a non-resident taxpayer may be both debtor and creditor at the same time—and one might have expected that nonresidents would have been either wholly excluded or wholly covered.

determining if one is treated as a trader, and also is the period of time that they have been held material? Are sovereigns subject to Capital Gains Tax? Is there any obligation to make a return on one's annual tax return of purchase of

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Income growth from Gartmore

The continuing aim of Gartmore High Income Trust is to provide a high and increasing income together with long term capital growth from a portfolio of UK shares.

Since the Trust was first offered in March 1975 the gross yield, based on the original offer price, has increased from 12.4% to 22.0% to original unit holders. Over this period original unit holders have received a gross income total of £8,000 for every £100 invested.

Capital growth over the period has also been substantial with the units rising in value by 12.6% compared with a rise in the Financial Times Ordinary Share Index of 6.0%.

We believe that one of the main reasons for the outstanding record of this Trust has been the continuity of the investment team, whose success has been well demonstrated over the period.

Remember that the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

Units can be bought or sold on any business day and the prices and yield appear in the national press daily.

Contracts will be issued for purchases and certificates forwarded within six weeks of settlement. Cheques for units sold are sent within seven days of receipt of funds. Units can be sold at any time by giving notice in writing to the Trustee at least 14 days before the date of sale. The units are quoted on the 15th March and 15th September. An initial charge of 3% is deducted from the purchase price and an annual charge of 1% (plus VAT) of the value of the Trust is deducted from the Trust's gross income. Commission of 1% is paid to authorized agents.

Trustee: Midland Bank Trust Company Limited, Managers: Gartmore Fund Managers Limited (a member of the Unit Trust Association), Regd. in Eng. No. 11,733,33 at the offices below.

To Gartmore Fund Managers Limited, 2 St Mary Axe, London EC3A 8HP. Tel: 01-576 5266—Dealing 01-576 6744—General

I enclose a cheque for £(in £'000) £ payable to Gartmore Fund Managers Ltd. to invest in Gartmore High Income Units at the offer price ruling on receipt.

I enclose a copy of the offer price of Gartmore High Income units on 20th September, 1979.

I enclose details that I am not a resident outside the Scheduled Territories and I am not a member of the units as the investment of any personal records outside the Scheduled Territories. I enclose a copy of the application form which should be deleted and your application lodged through an authorized depositary.

SIGNATURE _____

(If there are joint applicants all must sign and attach names and addresses separately.)

(Offer not available to residents of the Republic of Ireland.)

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Fast rising return from Tyndall

Fast rising return from Tyndall

11.6% gross* in 1976/77 17.81% gross* in 1978/79

Actual yields based on initial offer price of 25p.

London Wall Extra Income Growth Units

This unit trust in the Tyndall Group invests mainly in second line shares chosen for their high and rising dividends. Although past performance is no guarantee of what may happen in the future, in just over three years since the Trust began in February 1976, the income has risen by 53.9% so that the current yield for original investors is now 17.81% gross. At the same time the offer price of the units has risen by 50.8% compared with 14.75% to FT Ordinary Index.

The offer price of Distribution units on 20th September was 37.7p and the estimated gross yield current 10.90%.

You should remember that the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

All unit holders are paid or credited with income net of basic rate tax.

Important details

Units which are dealt in daily will be allocated at the offer price prevailing when your completed application is received. Investors will receive their first distribution in December 1979.

An initial management charge of 3% is deducted in the buying price of the units. A half yearly charge of 3.16% (plus VAT) of the Fund's assets will be deducted each year and your certificate account within 42 days.

If you want to sell your units, the Managers will put you in touch at the price on any dealing. 1 Fleet Street, London EC4Y 1AU.

APPLICATION FOR UNITS

To London Wall Group of Unit Trusts Ltd. 18 Carnaby Road, Bristol BS9 7UA. Telephone: 0272 32241

I enclose a cheque for £(in £'000) £ for investment in Standard units of the London Wall Extra Income Growth Trust at the offer price ruling on the day you receive this application. Minimum Investment £500. Cheque should be made payable to The Tyndall Group. Commission of 1% is payable to recognized agents. Enclosed details are required, please tick here □

Surname (Mr, Mrs, Miss or title) _____

Christian Names (In full) _____

Post address _____

Telephone number _____

Fax number _____

E-mail address _____

Signature _____

If you are unable to make a full signature, a stamp should be used instead and the form should be signed in the presence of a witness.

Offer not available to residents of the Republic of Ireland.

A Tyndall Group Unit Trust

Member of the Unit Trust Association

MANAGE YOUR OWN PORTFOLIO

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P.S. FSL is now recommending selective share sales for some time now, and expects to recommend further extensive sales later in the year—make sure you are "on board" before then, it could save you a fortune!

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See page 10 for further details.

R.J. Temple & Co., Taxation & Investment Consultants, Head Office, Stanbridge House, 27 Grand Parade, Brighton BN1 1JL. Tel (0273) 604520 or 601888. Please send me full details of this investment plan by return.

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..... Tel.

Birth date (Male)

Birth date (Female)

Highest Tax Rate

I have available to invest monthly/annually £.....

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GOLD—How far will it go?

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Deposits of £1,000—£10,000 accepted for fixed terms of 3–10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 28.7.79 are fixed for the term shown.

YOUR SAVINGS AND INVESTMENTS

The Bank of England's latest economic report makes grim reading. Barry Riley discusses what it means for investors

Get set to change your savings habits

YOU AND I are going to save more next year. That is the implication of Thursday's grim warning from the Bank of England that industrial companies are heading into a period of financial squeeze which could be as severe—though perhaps not as sudden—as the one they encountered back in the 1974.

But to give us the incentive to save, interest rates will have to stay high and share prices will have to stay relatively low. Such conditions will help to steer people away from buying houses, cars and other durables through expensive loans, and will direct them into the savings market. That, at any rate, is what will happen if the economy develops in the way the gloomy forecasters of Threadneedle Street currently project.

Flow of funds analysis has become popular in recent years as a way of understanding the development of financial pressures within the economy. Somewhat arbitrarily, the economy is

divided up into a number of sectors—commonly the personal sector, industrial and commercial companies, financial companies, the public sector, and the overseas sector.

Every quarter the Government's statisticians calculate the surpluses or deficits run by the various sectors. In principle a deficit in one place has to be matched by a surplus somewhere else, so that they all add up to zero. In practice the statistics are fallible, and the figures can only be balanced by bringing in a residual error.

Usually the figures are of strictly academic interest. There is nothing wrong with one sector running a deficit if another wants to run a surplus. In countries like Japan the company sector regularly runs very large financial deficits with the greatest of ease because the personal sector is in chronic surplus. Trouble comes, however, if there is a sudden change in the pattern. The process of

adjustment can be tricky. This happened in 1974. Industrial and commercial companies, which had been in surplus at the beginning of the 1970s, plunged into a deficit which reached £4.6bn in 1974.

At the same time the Government was increasing its deficit partly because the economy was dipping into recession which always affects tax receipts and leads to higher spending in areas like unemployment benefit.

Part of the gap was bridged by a worsening in the balance of payments—which is another way of saying that the overseas sector ran a big surplus. But there was an even larger rise in the surplus of the personal sector, which jumped from £1.3bn to over £5bn.

This was mainly achieved through a fall in dissaving rather than a rise in saving as such. Borrowing from banks by persons dropped by over £1bn compared with 1973, and net

sales of company securities declined by a similar amount. That was the impact of high interest rates and low share prices.

Since 1974 the company sector deficit has shrunk sharply again. Last year it was only £2.2bn, which allows for inflation was only about a quarter as large as in 1974. The personal sector surplus has continued to stay high, however, in reflection of the large Government deficit shown during the period of Labour rule.

Now the Bank of England has issued a warning that the financial deficit for industrial companies in 1979-80 could emerge at about the same level in real terms as five years earlier. Allowing for the improved position of North Sea companies this could imply a deficit of something like £8bn. The lion's share of this finance will probably have to be provided one way or another by the personal sector. After all, the Government deficit is unlikely to

shrink, even given the Tories' commitment to monetary and fiscal discipline. And official expectations seem to be that the balance of payments will improve slightly (that is, the overseas sector surplus will shrink) after the poor performance in the first half of 1979 when the current account showed a deficit of over £2bn.

It may be, of course, that the squeeze on companies will not be as bad as the Bank is predicting. Perhaps the Government will succeed in persuading—or frightening—workers into accepting much less than the rises of 20 per cent or so they may be expecting from this winter's pay round.

But it looks as though the personal sector surplus is going to rise substantially. It will do so by means of a sharp drop in consumer credit, a big rise in pension fund contributions, and through the impact of high interest rates on the savings habit.

Now the Bank of England has

At the end of a hectic week for gold, Tim Dickson looks at the prospects

Three or four hundred, that is the question

IF THE private investor has not thought about gold in the last few days, the chances are he never will. It has been a momentous week—one which doubtless will not easily be forgotten by those in the market and one which some even say could go down in history alongside landmarks like the California gold rush of the mid-19th century and the Klondike.

On one day last week—Tuesday—gold was up a staggering \$27 at one stage, its biggest jump ever, before falling back to close more than \$20 higher at \$374. Bears were caught catastrophically short while the cosy theories of some investment analysts disappeared out of the window.

The reasons for the recent rise have been well documented. The U.S. Treasury auction was the immediate cause, with rumours of strong central bank and Arab buying providing much of the longer term impetus.

The most pressing question, however, is simply where do we go from here? After the excitement of Tuesday's spectacular surge had died down, most of those close to the market were

predicting that the bubble would burst, a unanimity which Julian Baring of brokers James Capel described as "alarming." "When everybody is thinking the same way, that's the time to watch out. They will invariably be wrong," he observes.

A quick poll of some well known gold watchers, meanwhile, confirms that the view from the top is by no means universally bearish. Harry Schultz, author of the International Harry Schultz Letter and the gold guru who charges clients \$2,000 per hour for his advice, feels the price will top \$400 very soon while "\$500 is certainly on before Christmas." He believes investors can look forward to \$600 a few months later.

Mr. Schultz feels it is no longer possible to analyse future gold movements by reference to charts or fundamental ratios. The market he says, is now being influenced by politics, rumour and the simple equations of supply and demand.

Justifying his bullish predictions Mr. Schultz points out that there is now a severe shortage of physical metal at a time when

banks (like the Dresdner in its now celebrated coup last month) and companies are gobbling up gold in unprecedented gulps. Mr. Schultz, meanwhile, feels South African gold shares provide a particularly good opportunity for the private investor with Krugerrands an equally good bet.

Elliott Janeway, the political economist and president of the New York-based Janeway Publishing and Research Organisation, attributes the steady rise

in the gold price and what he describes as last week's "once in a generation" surge to the "political ineptitude" of President Carter. Gold, he says, is firmly attached to a see-saw which has the dollar balancing precariously at the other end.

The discovery that Carter is irretrievably politically bad but that he is going to be with us until January, 1981, has created panic," he states. Dismissing market theories and quantitative analysis, Mr. Janeway says the calendar stands him in better stead than any charts. "I am watching the White House and observing its backlash on the markets." The recent surge, he maintains, is by no means exhausted and \$500, he feels, is the next stop.

Back in London David Fuller of Chart Analysis points out that given the example of more successful inflation hedges such as stamps, land, buildings and works of art, there is still some way to go.

Mr. Fuller predicts that the recent rapid acceleration will spill over in a short-term shake out, but he adds: "There is no sign of the bull market being over."

For this he advances three main arguments. Firstly, gold has not been successful relative to other inflation hedges. Secondly, there is a vast amount of capital around, notably the huge surpluses from the Middle East oil producers. Thirdly, holders of this capital have become disillusioned with paper investments (bonds, Government securities, equities) and are increasingly seeking ways of maintaining the value of their capital.

A bearish cry, at last, can be heard from the commodity analyst at Consolidated Goldfields who is convinced an adjustment downwards is imminent. "I feel the price has gone too quickly, too erratically. We are in new ground but I think it will fall back to \$320 in the next few weeks."

Finally, Brian Marber of the Investors Bulletin, epitomises perhaps the feelings of many gold watchers after what has been an exhausting week. "I usually stick my neck out on these occasions," he comments, "but after the past few days I find it impossible to say what will happen next."

Bring on the big battalion—quietly

LIKE THE oak tree, new unit trust teams generally start from something pretty small. Sometimes, indeed, the acorn can be little more than an entrepreneurial act of faith by someone anxious to prove he can perform better on his own than with a large established group. This week's news that Fidelity Investment Group is planning to enter the UK unit trust business is arguably a little different.

There are similarities, of course, with recent unit trust launches. The architect of this new venture, Mr. Richard Timberlake, until last month managing director of Schlesinger Trust Managers, is like some of his younger rivals a man with a track record elsewhere who is clearly ambitious to succeed in a new environment.

The reduction in Ernie's output, planned to take effect from January, is not an uncharacteristic act of meanness by what is perhaps the country's best known piece of electronic hardware. Under the new formula the total monthly value of prize money available for distribution to premium bond holders will not be affected and investors will be compensated for the slimmer odds by bigger average payouts.

Ernie, in fact, is about to move onto "short time" anyway in an effort to make up ground lost during the strike by Department staff earlier this year. As a result the number of prizes allocated for the last four months of 1979 will only be a quarter of the usual figure, involving among other changes the temporary suspension of the popular £25 and £50 prizes in favour of a fewer number of bigger units.

The decision to cut back Ernie's prize list from the beginning of next year, however, will be permanent. It follows a review by staff at the Treasury which could well recommend scrapping the £25 prizes once and for all and increasing the number of larger rewards. Full details will be announced next week.

The Treasury men are acting primarily to cut costs at the department. While adminis-

tration efficiency is certainly laudable and while inflation has eaten into the value of the smaller prizes, many investors will no doubt lament the passing of a system which gave more people a share of the spoils.

The truncated draws for September, October, November and December (which will be held in November and December, incidentally) will give premium bond holders a taste of what may be coming.

In a "normal" month the chances of winning with a single premium bond are roughly 10,800 to one. From September onwards, the odds will lengthen to something over 43,000 to one, though the value of the prizes will on average decrease four times higher.

The exact number of prizes to be awarded each month in the interim period can not yet be determined because it depends on the value of all the money invested in premium bonds. The value of the July payout—it is always 5% per cent of the total—was just over £6.6m, split up into roughly 130,000 separate prizes.

Given that the figure for September to December is on this basis likely to be around £22,000 per month, the changes in January will not seem so drastic. Even if the £25 prizes (which account for half of the total) are completely cut out and the money reallocated in units of say £50, the number of prizes will still come to well over 90,000.

T.D.

Fidelity's entry into the UK unit trust scene comes at a time when confidence in this part of the investment world is at a low ebb. Net unit trust sales in the first eight months of 1979 have been running at the lowest level for many years. Sales may have been reasonably steady but redemptions have been consistently high with small savers seemingly disillusioned by poor performance. The record level of redemptions, moreover, adds substance to the arguments of those who claim there are already too many unit trusts on the market.

Mr. Timberlake, however, is not perturbed by the current air of pessimism though he sympathises with outsiders who are sceptical about the future and worried by the poor records and lack of professionalism of some managers.

"There are really very few good professional management groups around and I believe we are going to join their number," he says. "Fidelity has an excellent reputation and I think we can benefit from this and from some of their knowledge on the other side of the Atlantic."

Mr. Timberlake does not rule out the possibility of taking over an existing unit trust group but says he would prefer the new company to grow organically. Management charges will at first be competitive with rival groups though once these are formally decentralised there will be scope to move to an annual fee of one per cent. Some of Fidelity's offshore funds operate with performance fees but the new UK company does not plan to extend this principle to its UK unit trusts. "We are new boys in this field and we will tread carefully," observes Mr. Timberlake.

Other unit trust managers will no doubt give a cautious welcome to Fidelity's venture. Cautious because new boys they may be but everyone has got to take seriously any competition from the largest of its kind in the world. On the other hand, by running a range of traditional funds which will invest primarily in UK equities, Fidelity is effectively demonstrating its faith and perhaps giving some encouragement to those doom mongers who fear unit trusts may be slowly dying.

Initially the number of Fidelity trusts will depend on

A non-index index...to beat the index!

REMEMBER index funds? They were meant to be the saviour of the punch-drunk fund manager. By buying all the shares in a stock market index—in exact proportion to their weighting within that index—he could always be sure of doing as well as "the market."

There was just one snag. Just as the idea started to catch on, the performance of major stock market indices around the world started to trail behind that of the overall market which they were supposed to represent. This has been especially true in the U.S., where shares in smaller companies have been leaping ahead while the big blue chips in the Dow Jones Average have been plodding along.

This is all a minor inconvenience to a committed stock market investor. Showing the ingenuity which made America great, the American National Bank and Trust Company of Chicago is now developing a non-index index fund. The idea is to reflect the performance of all the shares that are not in the Standard and Poor's 500 stock index.

"There is clear evidence that this sector outperforms the larger companies," says Mr. Rex Sinquefield, head of the bank's trust department.

Hold on, though. The basic concept of the index fund is that stock markets are efficient and that fund managers who try to do better than the market as a whole are just wasting time and money. How does this square with the idea that large sectors of the market consistently do better than others?

Easy, says Mr. Sinquefield firmly. Shares in small companies have to offer greater scope for capital gains than those in blue chips, because the latter also offer "non-pecuniary returns." For instance, a dollar's worth of IBM buys your portfolio a much more diversified investment than a dollar's worth of Wichita Widgets.

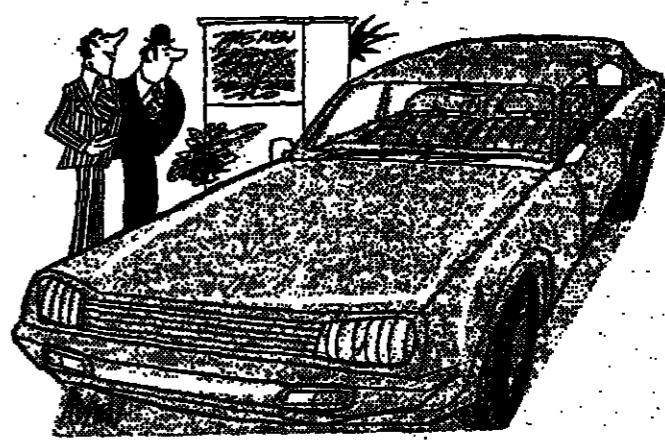
Maybe. But the stock market is an unkind place. Anyone care to bet that the index stocks are going to start performing well again?

RICHARD LAMBERT



Mr. Richard Timberlake

Easing the burden of breakdowns



"and the blue warning light tells you when your mechanical breakdown insurance needs renewing!"

of policies, insured with Lloyd's, warranty is due to expire. Again Car Care Plan will need to meet all needs in this sector. He and his executives have many years of experience working in the motor garage trade and know at first hand the consumer's needs.

For buyers of new cars, there are five types of contract available. Basically they all offer a one-year extension of the manufacturer's warranty, which takes over immediately the warranty period has expired.

The car buyer can remove much of the worry by taking out a mechanical breakdown insurance contract. For example, for paying a regular amount each year in the form of premiums, the motorist can avoid huge breakdown bills which could set him back a few hundred pounds.

Mechanical breakdown insurance is a relatively new feature in the motor insurance market. The first insurance-backed warranty schemes appeared at the end of 1974, though some of these left a lot to be desired in terms of cover and understanding. This type of insurance should finally be accepted following Car Care Plan's announcement that its policies are being insured at Lloyd's.

Car Care Plan, although not the first in this field, has pioneered the design and marketing of a policy which meets the needs of the consumer—both the motorist who buys the car and the garage that sells it. Founded four years ago, Car Care Plan's managing director Mr. Alan Longmate now claims to offer a comprehensive range

INSURANCE

ERIC SHORT

For a premium of £55, the motorist is covered for up to £500 per claim to meet the costs of replacing parts that have broken down and the labour costs.

With rising prices, private motorists are holding on to their cars for longer periods and, therefore, showing more interest in getting the warranty extended beyond the first 12 months. The motorist can purchase the insurance contract at the time of buying the car, and some garages automatically build in this insurance in the price of the car. The delay before the insurance takes effect obviously affects the premium level.

Alternatively, the motorist can take out the insurance just before the manufacturer's

Try the restricted route

UNTIL RECENTLY there were only two ways of buying a U.S. or Far Eastern equity portfolio.

Now there is a third—perhaps the easiest because they did not use the loan route of investing overseas in the first place. They therefore have no loan to repay. Others, such as GT Far East, are new funds which have no loans eligible under the one-year rule.

Still others have not wanted to repay their loans because they have had "back to back" arrangements in which the loan is linked to a high-yielding sterling deposit.

Out of 25 overseas funds managed by eight leading management groups contacted last week, only six had a significant proportion of restricted securities. The six, with their percentage of restricted securities, are Hill Samuel Dollar Trust (55), Save and Prosper Japan (37), Save and Prosper U.S. (33), Hill Samuel International (24), M. G. European (20), Allied Hambro Secs. of America (15).

As the list shows, Hill Samuel and Save and Prosper have been the greatest fans of restricted securities so far, but some of the others are thinking of joining the bandwagon. GT Japan had only 5 per cent restricted securities but is in the process of increasing the level to about 25 per cent now. It thinks the Yen is ending its period of dramatic weakness against sterling.

Henderson is another top performing Far Eastern specialist which intends to repay the eligible loans where possible.

JAMES BARTHOLOMEW

Lured offshore to deposit

UK INVESTORS have not in the past rushed to the Channel Islands simply to put money on deposit. That particular offshore paradise is better known for its sophisticated range of investment schemes than for a function more commonly associated with high street banks.

This year, however, there has been a trickle of new funds designed to help people put their funds on deposit, a trickle which in the last couple of weeks appears to have developed into a flood. No fewer than three new funds—run by merchant bankers Brown Shipley and Arbutnott Latham and the investment management group Britannia—have been launched this month in an effort by those concerned to pick up a share of what is an increasingly popular market.

As the accompanying table shows this now amounts to well over £200m, spread around nine different management groups. Most recently, demand shows no signs of tailing off. Arbutnott claims to have taken in £1.5m in just three working days.

The attraction of these funds, which are all identical in concept, is that they effectively allow income to be taxed as capital gain. Based in the Channel Islands, they are registered companies which issue and redeem their own participating redeemable preference shares in the same way that authorised unit trusts issue and redeem units in the UK.

The aim is also invariably the same—to provide a return to the investors in line with interest rates generally over a given period. The assets are in virtually all cases invested in readily market

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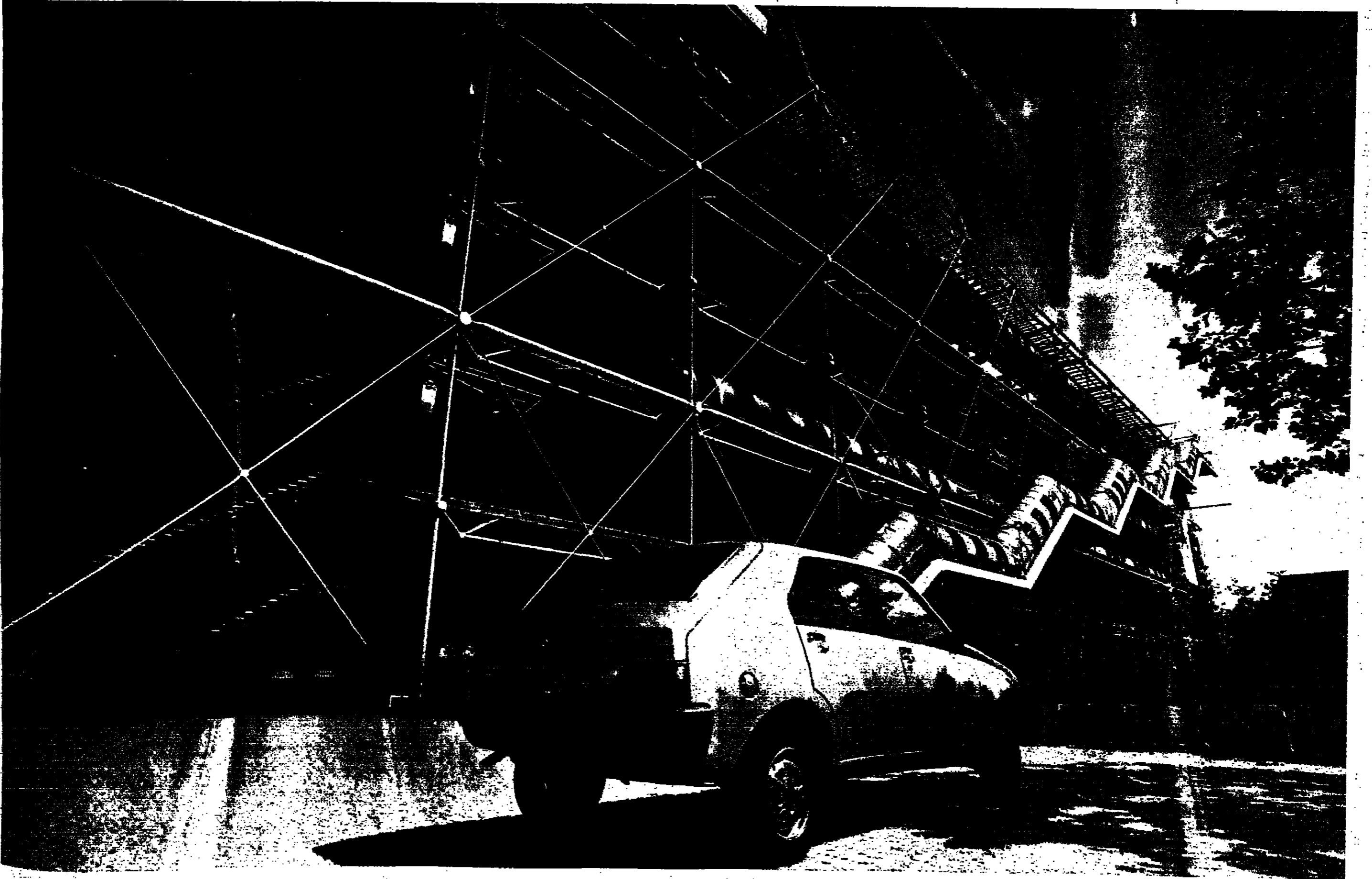
Financial Times

The bodyshell of the Renault 14 hanging in the Arts Centre Beaubourg, Paris. The finished piece is on view at your local Renault dealer.



**The French think it's a work of art.
Even without sculpted seats, rear fog
light, quartz clock, electro-magnetic
centralised door locking, rev counter,**

**rear windscreen wiper,
tinted windows, 1360c.c.
engine, head restraints,
electric front windows.**



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 12-month warranty. Terms, leasing or ECPP finance from 10% deposit.

JAGUAR XJS 4.2 LWB

1978 Supplied in Squadron Blue with matching Everflex roof and leather trim. Auto. PAS and fitted air conditioning, speedometer, radio-stereo, tinted glass, electric windows, etc. 19,000 miles only. As new throughout. £7,950.
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1978 350 SE. Met. Milian brown, parchment cloth, wood, cruise control. £16,450.

1977 450 SE. Met. Silver. Head lamps, sun roof. 21,000 miles. £18,500.

1977 350 SE. Met. Milian brown, parchment cloth, wood, cruise control. £16,450.

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PROPERTY

London's buoyant market—but only in parts

BY JUNE FIELD

WHILE THERE is no doubt that with the current mortgage rates of 8% there is a dramatic weakening in the property market at the end of August for £210,000. So it is fair to say that although the London market is beginning to settle and in some cases stuck, agents dealing in top London properties are quick to point out that this sector is still fairly buoyant.

Says Nick Coupar of Savills: "Any market is dependent on confidence, and at the moment rumour is rife that the market is falling. This is our opinion is not true. A large 5-bedroom family house on an 85-year lease in need of redecoration in Kensington sold at the end of

July for £200,000, and was reflected up in the London residential market we can foresee no dramatic weakening."

Mr. Coupar goes on to raise the fact that the introduction of a sliding scale of capital gains tax, levied on the sale of a principal private residence, at present exempt, would cause a dramatic slump in the market. Fortunately he reasons that this is politically such a sensitive area, its introduction must be considered unlikely. "Our forecast is a relatively busy autumn market, followed by a winter lull with a rising market again next spring. Whatever happens it is our view that prices will keep pace with the high rate of inflation."

Brian Lack and Company, 51a, St. John's Wood High Street, N.W.8, report a strong demand for middle-range flats: "But it is clear that those in really good order command disproportionately higher prices than those offered in poor to moderate condition. One interesting example is the sale of three units in a reconstructed property in Hamilton Terrace. The three flats, which are offered complete with carpets and kitchen fittings, all prices between £77,500 and £85,000 had

only been on the market for two days when sufficient interest had been received to limit future advertising. One interested party in fact lived in the same building up to 1960 at which time the rent for an unfurnished tenancy was just under £400 per annum exclusive of rates."

"Demand for flats in the £20,000 to £30,000 range is still very active, and the number of instructions in this range has increased considerably, and mortgages are certainly not impossible to arrange."

A London apartment with a view has a considerable advan-

From Flat 40, Hillside Court, Finchley Road, NW3, on the slopes of Hampstead Hill, the lessee says you can see over West London and Berkshire to a distant Windsor Castle, £72,500 for a 97-year lease. Details: Michael Browne, Allsop & Co., 88 St. John's Wood, NW8.

tage over the market for take, says Allsop and Co., and only a few minutes walk from the St. John's Wood home of Paul McCartney," says Michael Browne, who will send full details from Allsop and Co., 88 St. John's Wood High Street, NW8 (01-732 7101). The office is open 2 pm to 5 pm on Sundays.

For those who want an apartment to rent in Mayfair, singer Kathy Kirby's former duplex (3 beds, 2 baths), 17, Davies Street, W1, is available at the somewhat formidable figure of £13,500 per annum exclusive for 3 years. Details: Edward Erdman, 6, Grosvenor Street, W1.

"Neville Court is also opposite the EMI recording studios,

A different kind of surveying

IT HAS always been a problem to decide whether to have a survey carried out on a property you are interested in. And if the report reveals a number of defects or warnings of future troubles, then some prospective purchasers feel slightly aggrieved that they have involved themselves in what they think of as unnecessary costs.

"Instead of which a survey should be considered as an insurance policy, a protection from the consequences of any defects, even a bargaining point to get the price down," insists Martin Dearden, ex-banker, who with two chartered surveyor partners Robert Jordan and Martin Impey, launches a scheme called Inspectahome this week. It is a service intended as a compromise between a brief building society inspection and a full-scale detailed structural survey.

The majority of purchasers

rely on the fact that if a building society is willing to make an advance on a house then it must be in satisfactory condition. They do not appreciate that a building society valuation is only to satisfy the society that the house is adequate security for the proposed loan, and anyway, the content of that report is for the society's eyes alone and not available to the borrower.

The Inspectahome scheme is not intended to replace the full structural survey, which can cost £100-£200 or more; it is an inspection within specified limits, with a written report which will enable a prospective buyer to have a professional opinion on the general condition of a house, at a recommended fee of £40 plus VAT.

The scheme will be run on a franchise basis, by firms with chartered surveyor partners. So far some 550 applications for

licences have been received, mainly from areas in Greater London, the south coast, Kent and south-west England. It is hoped to build up a country-wide representation.

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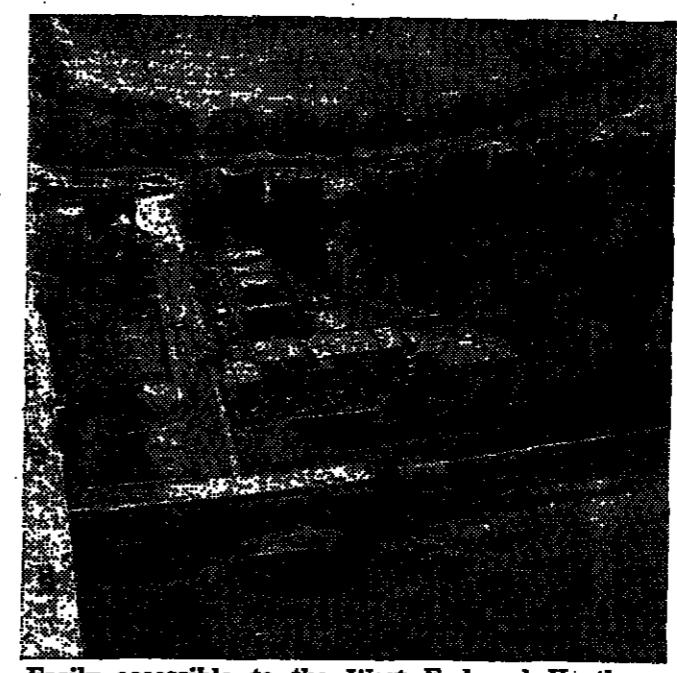
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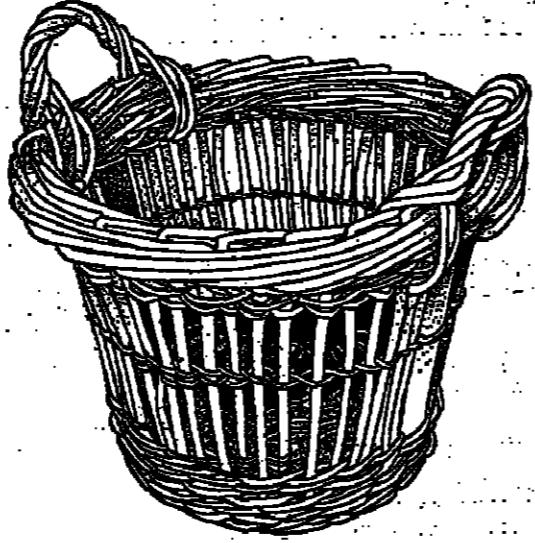
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HOW TO SPEND IT



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How the French see us

WE ARE ALWAYS fascinated to know just what other nationalities think we do best and for the next month there is a perfect opportunity to see ourselves as others see us. For Au Printemps, the famous French department store chain, is running a British promotion not only in its Paris store but in 33 other branches all over France.

The Au Printemps buyers wanted to try and introduce their customers to a wider range of goods than the whisky, Shetlands and tartans that are only too well known already. To this end they scoured Great Britain for months to find what

they considered the best, the most original, the most appealing.

Rather depressingly for our balance of payments, the buyers almost unanimously liked the output of the small specialist firms and about the only items in large-scale production that they liked were the Mini-whisky and you've guessed it, those Shetlands.

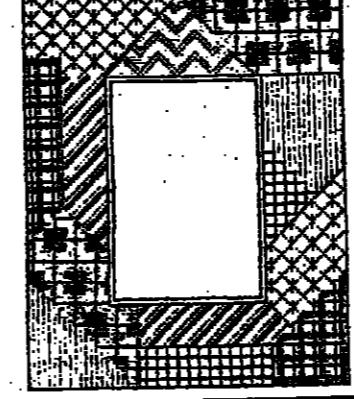
The French like best the products that they call "tres raffinees" - they love the food and the packing of the products of Crabtree and Evelyn, they are going mad over Designers Guild fabrics and wallpaper, they adore Laura Ashley and

Culpeper, the lotions and potions of Geo. F. Trumper and Floris, the quilts from Quad Quilts, the specialists in quilt wear of Patricia Roberts, the stone-ware and china from our oldest pottery firms.

They love anything that looks and is hand-made and in particular they love the traditional willow baskets made by local craftsmen. The authentic herring basket made by craftsmen in Great Yarmouth that is sketched above is typical of the sort of thing they like. British readers who like it, too, can find them over here at shops like General Trading Company, Sloane Street, London SW1 who sell two sizes. The smaller one is 48 cm in diameter, 30 cm tall and costs £17.04. The larger is 40 cm tall, has a diameter of 39 cm and costs £27.70. They will send by British Rail to those out of London but carriage is extra.

Anybody in France over the next month should take a look at Au Printemps and they will be in for an interesting view of ourselves as others see us. No white hot technological age, just gentle, charming rural crafts, old-fashioned teas and buttermints, floral patterned china and dimity prints.

The French show excellent taste in that almost everything they have selected is charming and special and has that unique quality that most of us are looking for. But it does make one wonder whatever happened to the revolution that industrial design and the silicon chip were going to wreak. So much for seeing us as flourishing members of the modern industrial society, the image that French visitors to Au Printemps must be left with sounds like a charming, backward idyllic Kuritania.

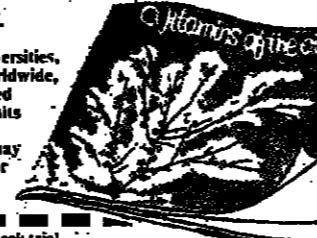


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by Lucia van der Post

On the home track

THE CURRENT vogue for track-suits strikes me as a mixed blessing. They are undoubtedly very functional and if jogging is your line, what else do you wear but a track-suit? They are also comfortable, so they are a

highly sensible idea for relaxing in around the home, but they don't seem to me to be ideal woman-about-town gear.

There's hardly a morning goes by without seeing some young girl clad in my bus-stop some young girl clad

in a track-suit, tottering on high-heels and clearly bound for the office. I have to say that if there is a less suitable piece of clothing for office life (unless it be a bikini) it would be hard to find.

However, for lounging around the house, track-suits are superb. They have the advantage of being as comfortable as pyjamas without needing so much of the boudoir. If you are looking for something totally relaxing to sit into at home, or even if you are thinking of taking up jogging, this particular track-suit by Saxon seems to me one of the most flattering I've seen.

Made from a completely washable, almost crumb-proof, Tricots nylon, it comes in buttercup, rust or sage-blue. It will be in large numbers of stores in mid-October, including Harvey Nichols and Selfridges of London, William and Cox of Sevenoaks, J. R. Taylor of St. Anne's Bond, of Norwich, Beaufort of Wolverhampton and Schofields of Sheffield and Leeds. There's only one size but one buyer told me gleefully that they fitted her and she was a size 16. The suit costs about £22.00.

Seconds count

SINCE THE first Reject Shop in the Brompton Road opened some six years ago the idea has, like Topsy, just grown and grown. This week saw the opening of their seventh branch within the revamped Bourne and Hollingsworth in Oxford Street, London, W1.

Most people will by now be familiar with the Reject Shop format. Although originally it was started with a view to selling manufacturers rejects cheaply, it quickly progressed beyond that when the owners, Anthony and Anna Hawser, saw that there were boundless ways of selling merchandise at keen prices. Nowadays so much of what they sell has been collected together in different ways that they have devised a colour-coding system which makes it absolutely clear to the customer what manner of item it is they are buying and why it is reduced in price.

If I were to pick out the best buys I think I would have to list

the teakware from Thailand (hurry, hurry, the forests are thinning out), the sofas (look out for the special sofa offer in a couple of weeks' time), the huge and pretty range of cachepots and the lighting. If you want to see the most up-to-date collection of what they do, go to the new department at Bourne and Hollingsworth enclosing 50p.

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ARTS

Balanchine/Stravinsky

"Speaking for myself I can only say that Stravinsky's music altogether satisfies me. It makes me comfortable. When I listen to a score by him I am moved—I don't like the word inspired—to try and make visible not only the rhythm, melody and harmony, but even the timbres of the instruments. For if I could write music it seems to me this is how I would want it to sound." Thus Balanchine wrote about Stravinsky in 1947, and a quarter-century later he reaffirmed this intense sympathy in art during the New York City Ballet's Stravinsky Festival of 1972. From that celebration of Stravinsky as the best cause for dancing, there came the two great ballets, using the 1945 symphony and the violin concerto, that framed Thursday night's All-Stravinsky programme by City Ballet at Covent Garden. *Symphony in Three Movements* is a burst of choreographic energy that seems to radiate a tingling force. It uses a large cast, with three central couples, to explore its thrilling score in dances by turns exuberant, mysterious, *pas de deux* for Sara Leland and Bart Cook to the middle movement—and always at one with the music. At the end of *Four Temperaments*, the dancers start to soar away into unguessable regions. I think they land in *Symphony in Three Movements*; this is the terrain Balanchine was already marking out when *Temperaments* was made in 1946. And at the end of the symphony the men are crouched like sprinters at the start of a race. Balanchine has some new and glorious goal for them, and for us—may we see it soon.

Violin Concerto was given an ideal interpretation yet again, with Karin von Arolsdorff and Bart Cook in the first aria; Kay

Mazzo and Peter Martins in the second. From all four dancing of the highest order. The contrasts between the ritualistic power of von Arolsdorff's movement and the lighter tone of Martins' serener presence and the nervous muscular drive shown by Cook (who is a dancer of exceptional gifts of musicality and sharp-focus movement), give both duets an intense resonance.

"Rubies" from *Jewels*, which completed the programme, looked especially good because played against a cyclorama (if NYCB persist in using the existing décor they must rename the ballet *Paste*). It found Patricia McBride and Mikhail Baryshnikov, impossibly, better than at earlier showings this season. No more praise is needed for this fireworks display nor for its interpreters—save to say that for anyone wanting to see choreographic wit, Baryshnikov's solo seems like a collection of danced aphorisms to throw-away brilliance.

The sum effect of the evening was to prove Stravinsky's own dictum that "I do not see how one can be a choreographer unless, like Balanchine, one is a musician first." Watching Balanchine/Stravinsky we are shown the music, its pulse, rhythms, melodic contrivances, textures. In the resultant theatrical image there is nothing that strains the co-ordination between our ears and our eyes: what we see is what we hear. And throughout this NYCB visit we have been privileged to see the harmony of body, spirit and movement which has resulted from the procedure. The season ends tonight, and London will become darker. But so as not to end on a note of pessimism after so heartening and grand a season, let me note that wonderful NYCB will, next summer, be appearing in Copenhagen, Berlin and Paris.

CLEMENT CRISP



Lajos Miller and Helena Döse

Simon Boccanegra on tour

A year ago, Scottish Opera mounted a new production of Verdi's *Simon Boccanegra* which was greeted with some critical reserve. With entirely new principals, it has reappeared on tour, and can still be seen at the Liverpool Empire Theatre tonight. The opportunity is worth seizing: this is a finely tuned *Boccanegra*, sung to international standards, and enacted with winning simplicity.

As my guest remarked, the opera is uncommonly rich in tender reconciliations. In this version they set the tone of the piece; suggestions of revolutionary strife are at a premium, with the only real subterranean rumblings coming from the Marsey underground d trains beneath the theatre. In Peter Ebert's production the confrontations remain schematic (Peter Rice's toy-town sets have something to do with that); in particular, they turn the fraught midnight of the Prologue into a pretty charade — though the

Empire's recalcitrant lighting apparatus may have been at fault). Rather, rueful gravity is the keynote, with everyone moving in the shadow of things lost, and the dignified sweetness that marks Henry Lewis's account of the score is echoed in most of the singing.

Boccanegra himself is the Hungarian baritone Lajos Miller, striking musical intelligence, cultivated and even tone, powerful restraint—almost too much of that in the Prologue where his irreparable loss must be sharply felt, but his disillusioned authority later was impressive and moving. Pierre Thaïs is a model Flesco, impeccably etched without melodrama and aristocratically sung; his tall silhouette is deployed very cannily. Helena Döse is a brilliant Amelia who spins long, lyrical lines, trimming her natural ebullience to the limits of the essentially passive character.

She is especially lovely in the

Place of one's own

Although as a regular reviewer of radio fat more plays existed for many ingredients house-holders and warned that it was not going to disappear overnight. The difficulties in the way of obtaining a mortgage particularly for the first-time buyer on the type of property likely to be within his price range were enumerated in conversations with officials of several different Building Societies. Fascinating variations in the sums to be advanced and the conditions of rates were revealed, not just between different Societies, but between different branches of the same Society in the same area.

RADIO

ANTHONY CURTIS

It made one-pipe for the good old days of the theatrical land-lady when for a few bob a week you would enjoy a break with a blinding cold fire, all meals and personal service included. These days, in retrospect, palmy days were celebrated with equivalent thoroughness by Charles Lewsen in *Ma... (Radio 3, September 16)*. Connoisseurs of the radio feature will admire the distinctness with which this composite picture produced by Brian Wright, was put together, masses of edits without the slightest sense of hiccup, complete and most refreshing absence of narration, or attempt at identifying the multifarious contributors during the programme. Suffice to say they were all members of the Profession, encouraged to add their bit on a topic dear to their hearts, disgorging a wealth of hitherto untapped material.

The impression I get from reading the novels of Leonard Merrick is that dogs were not always the bed of roses nor their proprieesses quite so sensibly maternal as this programme suggested, but that was perhaps in an earlier era than even the longest memory here.

Opinions differed about when it all came to an end. The booklets of approved theatrical lodgings compiled by Equity and the Actors' Church Union, the pre-war bibles of where to stay, which no one in his senses would contemplate a tour without consulting, had dwindled to a single duplicated sheet by 1960. Nowadays the television companies, who may require the presence of an actor for an extended stay in the regions, have arrangements with hotels. It is more convenient but much less convivial.

Ms. Walmsley produced, narrated and did the extensive leg-work. She left no part of the Great Wen unexplored and it emerged that even 30 to 40 miles from the centre in places like Enfield £20,000 was now not enough. And, as one interviewee explained, "it is a Catch-22 situation" because what you do save by going further out you very soon lose on the ever-spiralling cost of getting into work. To balance this there were accounts from several negotiators at leading London Estates Agents of lightning swoops by visiting Iranians who saw a place in the centre they liked at around £300,000 at ten o'clock in the morning and had exchanged contracts that afternoon. The Government Minister interviewed, Geoffrey Finberg,

DAVID MURRAY

"The Devil at 12 O'Clock," 10.00 pm. Motor Racing from Kirkistown. 10.30 Rejoice BBC-1 (Grandstand). 5.30-5.35 Northern Ireland News. 12.00 News and Weather for Northern Ireland.

RADIO 1 10.00 am *Stardophonic Broadcast*.

5.00 am *Autumn Radio* 2. 7.00 Playground. 8.00 *Ed Stewart* with Junior Choice. 10.00 *Tony Blackburn*. 1.00 *Adrian Juste* (s). 2.00 *Paul Gambaccini* (s). 4.00 *Rock On (s)*. 5.00 *It's a Hard Life* (s). 6.00 *Concert* (s). 7.30 *Chris Jones*. 10.00 *Al Matthews* with *Discoveries*. 12.00 6.00 am *Radio 2*.

RADIO 2 5.00 am *News Summary*. 5.05 *Paddy O'Brien* (s). 6.00 *Dawn*. 6.15 *Ed Stewart* with Junior Choice. 10.00 *Tony Blackburn*. 1.00 *Adrian Juste* (s). 2.00 *Paul Gambaccini* (s). 4.00 *Rock On (s)*. 5.00 *It's a Hard Life* (s). 6.00 *Concert* (s). 7.30 *Chris Jones*. 10.00 *Al Matthews* with *Discoveries*. 12.00 6.00 am *Radio 2*.

RADIO 3 7.25 am *Shipping Forecast*. 8.30 *News*. 8.32 *Farming Today*. 8.50 *Young Faithfully*. 8.55 *Weather*. 9.00 *Country Music*. 9.15 *Shetland Soay Sheep*. 9.30 *Saturday Afternoon Theatre*: *Brave*, by Brian Stoker. 10.00 *Winner takes all*; the losers incur a fruitless crop of charges.

RADIO 4 4.00 pm *The Magic of Music*. 4.45 *Tales from the Dark Continent (Memories of the Colonial Service)*. 5.00 *Kaleidoscope*. 5.20 *Weekend Edition*. 5.25 *Shipping Forecast*. 5.55 *Weather*. 6.00 *Programme News*. 6.15 *Desert Islands Discs* with Ted Albery. 6.30 *Country Music*. 6.45 *Shetland Soay Sheep*. 6.50 *Saturday Night Theatre* (s). 6.55 *Weather*. 7.00 *News*. 7.15 *10.15 What If*. 7.17 *11.00 Lighten Our Darkness*. 7.18 *How to Compute Light Music*. 7.20 *Just Before Midnight*. 12.00 *News*.

TV RATINGS

(w/e Sept. 16)

UK TOP 20 (viewers m):

1 *Blankety Blank* 20.61. 2 *Carry On* 19.85. 3 *Open University* with Robin Hignett 12.23. 4 *The News Quiz* (s) 12.25. 5 *Religious Guest* 12.40. 6 *Control of Education* 12.50. 7 *French Universities* 13.00. 8 *Shoebox* 13.25. 9 *Composers* 13.40. 10 *Geology of the Planets* 13.50.

Week (s) 11.20 *Time for Vera*. 11.20 *Wildlife*. 11.25 *Scouting On*. 11.26 *News*. 11.28 *On Conversation Piece* with Rubin Hignett. 12.23 *The News Quiz* (s) 12.25. 1.10 *Any Questions?* 1.15 *Shoebox* 1.15. 2.00 *Original Comedians* 2.20. 2.25 *Saturday Afternoon Theatre*: *Brave*, by Brian Stoker. 3.00 *Winner takes all*; the losers incur a fruitless crop of charges.

CHess SOLUTIONS to Position 100—*Sept. 16*

White to win by 1. *Exd5* *Nc6* 2. *Qd7* *Qd7* 3. *Qd7* *Qd7* 4. *Qd7* *Qd7* 5. *Qd7* *Qd7* 6. *Qd7* *Qd7* 7. *Qd7* *Qd7* 8. *Qd7* *Qd7* 9. *Qd7* *Qd7* 10. *Qd7* *Qd7* 11. *Qd7* *Qd7* 12. *Qd7* *Qd7* 13. *Qd7* *Qd7* 14. *Qd7* *Qd7* 15. *Qd7* *Qd7* 16. *Qd7* *Qd7* 17. *Qd7* *Qd7* 18. *Qd7* *Qd7* 19. *Qd7* *Qd7* 20. *Qd7* *Qd7* 21. *Qd7* *Qd7* 22. *Qd7* *Qd7* 23. *Qd7* *Qd7* 24. *Qd7* *Qd7* 25. *Qd7* *Qd7* 26. *Qd7* *Qd7* 27. *Qd7* *Qd7* 28. *Qd7* *Qd7* 29. *Qd7* *Qd7* 30. *Qd7* *Qd7* 31. *Qd7* *Qd7* 32. *Qd7* *Qd7* 33. *Qd7* *Qd7* 34. *Qd7* *Qd7* 35. *Qd7* *Qd7* 36. *Qd7* *Qd7* 37. *Qd7* *Qd7* 38. *Qd7* *Qd7* 39. *Qd7* *Qd7* 40. *Qd7* *Qd7* 41. *Qd7* *Qd7* 42. *Qd7* *Qd7* 43. *Qd7* *Qd7* 44. *Qd7* *Qd7* 45. *Qd7* *Qd7* 46. *Qd7* *Qd7* 47. *Qd7* *Qd7* 48. *Qd7* *Qd7* 49. *Qd7* *Qd7* 50. *Qd7* *Qd7* 51. *Qd7* *Qd7* 52. *Qd7* *Qd7* 53. *Qd7* *Qd7* 54. *Qd7* *Qd7* 55. *Qd7* *Qd7* 56. *Qd7* *Qd7* 57. *Qd7* *Qd7* 58. *Qd7* *Qd7* 59. *Qd7* *Qd7* 60. *Qd7* *Qd7* 61. *Qd7* *Qd7* 62. *Qd7* *Qd7* 63. *Qd7* *Qd7* 64. *Qd7* *Qd7* 65. *Qd7* *Qd7* 66. *Qd7* *Qd7* 67. *Qd7* *Qd7* 68. *Qd7* *Qd7* 69. *Qd7* *Qd7* 70. *Qd7* *Qd7* 71. *Qd7* *Qd7* 72. *Qd7* *Qd7* 73. *Qd7* *Qd7* 74. *Qd7* *Qd7* 75. *Qd7* *Qd7* 76. *Qd7* *Qd7* 77. *Qd7* *Qd7* 78. *Qd7* *Qd7* 79. *Qd7* *Qd7* 80. *Qd7* *Qd7* 81. *Qd7* *Qd7* 82. *Qd7* *Qd7* 83. *Qd7* *Qd7* 84. *Qd7* *Qd7* 85. *Qd7* *Qd7* 86. *Qd7* *Qd7* 87. *Qd7* *Qd7* 88. *Qd7* *Qd7* 89. *Qd7* *Qd7* 90. *Qd7* *Qd7* 91. *Qd7* *Qd7* 92. *Qd7* *Qd7* 93. *Qd7* *Qd7* 94. *Qd7* *Qd7* 95. *Qd7* *Qd7* 96. *Qd7* *Qd7* 97. *Qd7* *Qd7* 98. *Qd7* *Qd7* 99. *Qd7* *Qd7* 100. *Qd7* *Qd7* 101. *Qd7* *Qd7* 102. *Qd7* *Qd7* 103. *Qd7* *Qd7* 104. *Qd7* *Qd7* 105. *Qd7* *Qd7* 106. *Qd7* *Qd7* 107. *Qd7* *Qd7* 108. *Qd7* *Qd7* 109. *Qd7* *Qd7* 110. *Qd7* *Qd7* 111. *Qd7* *Qd7* 112. *Qd7* *Qd7* 113. *Qd7* *Qd7* 114. *Qd7* *Qd7* 115. *Qd7* *Qd7* 116. *Qd7* *Qd7* 117. *Qd7* *Qd7* 118. *Qd7* *Qd7* 119. *Qd7* *Qd7* 120. *Qd7* *Qd7* 121. *Qd7* *Qd7* 122. *Qd7* *Qd7* 123. *Qd7* *Qd7* 124. *Qd7* *Qd7* 125. *Qd7* *Qd7* 126. *Qd7* *Qd7* 127. *Qd7* *Qd7* 128. *Qd7* *Qd7* 129. *Qd7* *Qd7* 130. *Qd7* *Qd7* 131. *Qd7* *Qd7* 132. *Qd7* *Qd7* 133. *Qd7* *Qd7* 134. *Qd7* *Qd7* 135. *Qd7* *Qd7* 136. *Qd7* *Qd7* 137. *Qd7* *Qd7* 138. *Qd7* *Qd7* 139. *Qd7* *Qd7* 140. *Qd7* *Qd7* 141. *Qd7* *Qd7* 142. *Qd7* *Qd7* 143. *Qd7* *Qd7* 144.

COLLECTING



Details of 'The Sleep of King Arthur' in Avalon by Edward Burne-Jones.

Echoes of Arthur

BY JANET MARSH

ON OCTOBER 1, in a special evening sale of important Victorian paintings and drawings, Sotheby Belgrave will be selling a modello by Burne-Jones for his last and greatest painting, "The Sleep of King Arthur in Avalon". The picture occupied the last seventeen years of his life, and is a haunting swan-song of Pre-Raphaelite.

The Britain of King Arthur exerted a peculiar spell upon the imagination of the Victorians. Tennyson had been the earliest champion. His *Morte d'Arthur* and Sir Galahad appeared in 1852, to be followed in 1853 by the *Idylls of the King*. The Pre-Raphaelite Brotherhood—along with their followers and disciples—were particularly drawn to Camelot. Alongside their mission in realistically portraying the spirit and perils of their own materialistic times, they had a comparable moral purpose in showing a world of security and chivalry and high ideals, where art and life were at one.

The Arthurian legend was pervasive in all fields of art. Swinburne composed his *Tristan of Lyonesse* in 1859. In the Isle of Wight, Mrs. Mrs. Cameron, was photographing away. "Boatmen were turned into King Arthur," wrote Virginia Woolf; "village girls into Queen Guinevere. Tennyson was wrapped in rugs; Sir Henry Taylor was covered with tinsel."

No one, however, was more deeply stirred by Arthurian lore than Edward Burne-Jones and William Morris. As friends at Oxford in 1855 they had discovered Southey's edition of Malory's *Morte d'Arthur*. Burne-Jones, 23 and very hard up, could not afford to buy it. "I used to read it in a bookseller's shop day after day, and bought cheap books to pacify the owner, but Morris got it at once and we feasted on it long."

"I think," wrote Georgina, Burne-Jones, years later, "that the book never can have been loved as it was by those two men. With Edward it became literally a part of himself." The painter himself declared: "I go always in that strange land that is more true than real."

Jones and Morris were constantly to return to the Arthurian legend. Their first major practical undertaking was when Rossetti included them in a team of young painters commissioned to create murals based on the *Morte d'Arthur*, for the new Oxford Union. The painters all had a merry time throwing paint and soda water over one another, but the outcome was something of a fiasco: the paintings quickly deteriorated from want of experience in properly preparing the walls on which they were painted.

In 1882 several of the old Oxford Union gang, including Jones, were reunited by Morris, whose new furnishing firm had been commissioned to provide a series of Arthurian stained glass windows for a Mr. Dunlop of Bradford. On this occasion the results were considerably more successful.

Even though Jones continued to absorb new influences—most notably from Italian art—King Arthur was never far from his mind. As the two friends passed into middle age, William Morris counselled him: "The best way of lengthening out the rest of our days now, off chap, is to finish off old things." In 1881 Burne-Jones embarked upon his masterpiece, "The Sleep of King Arthur in Avalon". It was originally commissioned by George Howard, later Earl of Carlisle; but evidently recognising that Jones would never bear to part with it (or for that matter finish it), Howard settled for a picture of Flodden Field instead.

The great picture—it measured 9 ft by 20 ft—was moved from studio to studio, while the conception underwent progressive alterations. Jones became so involved in it that he spoke of Avalon as a real place,

which he inhabited, and is said to have adopted the position of the King in the painting when he himself slept.

The Sotheby modello—in gouache, 2 ft by $\frac{1}{2}$ ft, and of a triptych composition more or less abandoned in the final version—vividly illustrates the development of the work. Here the wings are filled up with formalised battle scenes. The final version, now in Puerto Rico, abandons these to induce an effect of greater calm and repose. The rocky surround has been eliminated also, and the architectural elements elaborated, and decorated with scenes of the Holy Grail.

It is indeed as if the finished picture carries the story a stage further forward in time. The battle is over now, and the king has thrown back his head, upon the lap of Guinevere.

The painting is supremely 'heavtical', and it is interesting that in 1884-85 Jones provided the designs for Henry Irving's Lyceum production of King Arthur, specially written by Comyns Carr, manager of the Lyceum. It was a splendid production, with Irving, Ellen Terry as Guinevere and the romantic young Forbes Robertson as Lancelot; and with music by Sir Arthur Sullivan. "Romance and poetry and heart," said the critic of The Theatre. Burne-Jones was less impressed. "Some things they have done well and some they have spoilt."

After this Burne-Jones retired more and more into "Avalon". In his last days the editor of a new edition of Malory read it aloud to him in his studio. "Lord!" wrote Burne-Jones, "how that San Gral story is ever in my mind and thoughts continually. Was ever anything in the world beautiful as that is beautiful? If I might clear away all the work that I have begun, if I might live and clear it all away, and dedicate the last days to that tale—if only I might."

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We start with a hand from rubber bridge played by the author:

N.
♦ 9 8 4 2
♥ A 10 9
♦ K 9 7
♦ A Q 4

W.
J 7 6
♦ Q J 6 5 2
♦ 4 3
♦ 4 7 5 2

E.
A K Q 10 9 8 2
♦ 10 9 8 5 2

S.
♦ 5 3
♦ 4 3
♦ A Q J 10 8 2
♦ 10 9 8

Neither side was vulnerable, but East-West had a part score of 60, when South dealt and passed. North opened the bidding with one club. East bid two spades, and South said two diamonds. Influenced by the part score, East rebid his four-card spade suit, but South's

three diamonds concluded the auction.

West led the spade six, East cashed Queen and Ace, and continued with the King. On this the declarer discarded his heart three, a loser-on-loser play which at the same time operated a Scissors Coup, cutting the enemy lines of communication, and preparing for the strip and endplay.

The fourth spade was ruffed with the ten of diamonds, the heart Ace was made, and the nine was ruffed in hand. South now crossed to the nine of diamonds, ruffed dummy's last heart, and played a second round of trumps. With trumps drawn and the major suits eliminated, the declarer ran the ten of clubs. East won with the Knave, and had to return a club to dummy's tenace.

The second example comes from the Deauville Open Pairs:

N.
♦ K Q J 6
♦ Q Q J
♦ A Q 9 6
♦ A 8

W.
9 8 4 3
♦ 7 6 5
♦ 10 3
♦ K J 5 2

♦ 10 5 4 2
♦ K Q J 7 3

S.
A 10 8 5 3 2
♦ A 2
♦ 8 7 4
♦ 9 8

White mates in three moves at latest, against any defence (by Dr. B. Ruzicka, Die Welt 1972).

Solutions Page 14

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N.
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N.
♦ K Q J 6
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W.
9 8 4 3
♦ 7 6 5
♦ 10 3
♦ K J 5 2

♦ 10 5 4 2
♦ K Q J 7 3

S.
A 10 8 5 3 2
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♦ 10 5 4 2
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W.
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♦ 7 6 5
♦ 10 3
♦ K J 5 2

♦ 10 5 4 2
♦ K Q J 7 3

S.
A 10 8 5 3 2
♦ A 2
♦ 8 7 4
♦ 9 8

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N.
♦ K

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantime, London P94. Tel: 8954871, 882387
Telephone: 01-335 8800

Saturday September 22 1979

Money on the move

A SENSATIONAL surge in the price of gold, an apparent defeat for the world's central banks in their defence of the dollar and almost daily news from America about increasing prime interest rates have certainly kept international investors on their toes this week. One thread appears to tie together all the confusing events in the investment markets. Foot-loose money seems to be seeking with greater determination than ever, a safe haven against the instability of the dollar.

Of course there is nothing new about diversification by large investors, whether they be central banks, multinational companies or oil producers. But it does seem, as the Bank of England noted in its quarterly bulletin this week, that "uncertainty about the prospective placement of OPEC funds" is a major cause of the present instability.

Napping

With OPEC surpluses accumulating at a monthly rate of around \$4bn, the volume of money slushing around in the foreign exchange markets may tax the abilities of central banks to impose a degree of stability through intervention. On Thursday, when the dollar suddenly fell from DM 1.80 to DM 1.76, the Bundesbank and Federal Reserve seem to have been caught napping by a number of large orders to sell dollars.

They tried to steady the rate by intervention but, in the short run at least, they failed. Whether the authorities will now attempt to re-establish the floor of DM 1.80 to the dollar which they had successfully maintained until this week remains to be seen.

The implications of the successful assault on the dollar this week spread to all other currencies. Any weakening in the Bundesbank's determination to resist an adjustment of the D-Mark against the dollar would greatly enhance the attractiveness of the D-Mark in relation to most other currencies. The Swiss Central Bank, which has closely followed the Bundesbank's policies in recent months, would be likely to move in line with the D-Mark but other currencies would probably weaken as funds flowed into Germany and Switzerland. In particular, the pressures on the European Monetary System look like intensifying unless the German and American authorities manage to reassess control over their exchange rate. But attempting to control the exchange rate will not be easy to reconcile with German monetary policy. Germany's reserves have been growing by as much as DM 4bn a week as a result of intervention to keep the D-Mark down.

Rising interest rates in the United States have as yet done

nothing to strengthen the dollar. The announcement of a record prime rate of 13½ per cent by Chemical Bank on Wednesday was followed almost immediately by predictions of a 13½ per cent prime rate by next month. Until investors are convinced that interest rates have peaked, they may prefer to seek capital gains in Deutsche Marks and gold, rather than income.

The 16 per cent surge in the price of gold in seven days, to a peak of \$386 on Thursday, was a cause, as well as a consequence, of the dollar's weakness. The recent bonanza in precious metals seems to have convinced some investors that they should increase the proportion of gold in their portfolios. Middle Eastern buyers have been particularly active in converting their dollar-denominated securities into gold bars. While gold has risen strongly against the Deutsche Mark and Swiss franc, as well as against the dollar, the rise would certainly have been much smaller if there had been no intervention to keep down their exchange rates.

Exaggerated

Obviously speculation on the futures markets has greatly exaggerated the movements in the prices of gold and silver, but below the speculative froth there do appear to be good reasons for their popularity. The precious metals can be held by international investors in unlimited quantities. Their prices are determined by market forces, rather than by official intervention and, most importantly, they offer an opportunity to diversify out of dollars.

If a conviction developed that the German and Swiss authorities would permit their currencies to be adjusted against the dollar, much speculative money would probably flow out of the precious metals and back into the foreign exchange markets. Indeed the biggest surge in gold and the heaviest upward pressure on the Deutsche Mark has come soon after the dethronement of sterling as the international speculator's favourite investment.

If diversification is one of the most important factors behind the pressures on the world's financial markets at the moment, short term movements in currencies and precious metal prices may fail to reflect fundamental economic changes. Thus a good economic case can soon start to strengthen, as the U.S. moves into a recession, and its trade deficit contracts. The gold price on the other hand, in all logic, would appear to be due for a correction as interest rates approach a peak at the world's bond and equity markets begin to look more attractive. But, in the current atmosphere of uncertainty, it would take a brave man to call the turn.

Blank tape challenge

The scale of the loss is made clear when it is set against the total size of the recorded music market in the UK: it is reckoned to be between £200m and £400m annually. That means that the record companies may only be taking two thirds of their available market because of domestic piracy. Consumer rebellion is clearly no joke: sales of blank tape in the UK leapt up from just over £4m in 1973 to around £40m in 1978, and it shows no sign of being quelled. Indeed, as tape equipment becomes more popular, so does piracy: figures from Japan suggest there are some 23m domestic pirates, the average pirate holding 35 home recording sessions.

Even worse, as the Japanese Society for the Rights of Authors and Composers discovered, many of the pirates they polled barefacedly confessed that their interest in music increased the more they taped existing recordings.

Piracy thus combines fun and profit, a combination the record companies had once known themselves, and they realise that their consumers (or ex-consumers) can only be prised from it with difficulty.

Midlands and the North, adding to the congestion on our arterial routes in the process.

Surely, it must be better to develop an existing airport such as East Midlands, well served as it is by road and rail and — most important of all — actually in existence already. If this airport offered a service approaching that provided at Gatwick those who live in my part of the country would be very quick to use it because at present a one-hour flight to a Continental destination necessitates a four-hour journey to London.

Certainly, it would seem well worth while conducting an experiment by increasing the range of flights from East Midlands for a year or two, just to see what pressure it took off the London airports. No doubt, in the early stages the flights might be loss-making but the losses incurred would be infinitesimal compared with the cost of constructing a new airport and the same probably goes for the environmental problems as well.

A. L. Beard
Woodfield, Sparken Hill,
Worsop, Notts.

Business efficiency

From Mr. D. C. Badger.

Sir.—Mr. Ayres in his letter today's issue claims that the small business is efficient. From recent experience I cannot support his view.

In February I ordered a garden summerhouse from a small well-established company in the West Country. One important item was missing on delivery. In spite of several reminders I am still waiting for completion six months later.

In May I ordered a piece of pre-fabricated furniture from a well-known small company in Lancashire. One item was missing from the delivery. I notified the carrier and the company as instructed, and am still waiting for completion of the order, four months later.

In June I bought a typewriter from a small business equipment company in Sussex. The sales literature was misleading in that it failed to mention VAT

exclusive. I paid the bill in full, but with a protest to the manager. I did not receive even the courtesy of an acknowledgement of my complaint.

From experience I prefer the big battalions.

D. C. Badger,
Elkstone Land,
Mortimer West End,
Reading.

To whose benefit?

From Mrs. P. D. Edwards.

Sir.—Should one laugh or cry at the views expressed by the British Institute of Management and reported in your issue of September 19 under the heading "Company Car Proposals Could Cost 10,000 Jobs"? Carrying the argument to its logical conclusion, just imagine how much better off the motor industry would be if all employees (and why not pensioners?) received a "perk" car? How must better off would be the garages and insurance companies carrying out repairs for customers who are heedless of the loss of their no-claims bonus, not to mention the Government itself which could increase car taxes at will? Shangrila indeed! Motorists would be happy to use their cars as steam rollers finishing off the spring and autumn road-surfacing process knowing that if tyres and windscreens cost £100 apiece it does not affect them.

Seriously though, how do employees who receive a car as a perk think the rest of the population manage to buy and run a car, especially since they are required to pay more indirect taxation to fund income tax cuts, the lion's share of which have gone to the higher paid? The proliferation of perk cars over the years has led to a situation where the motorist who buys and maintains his own car is horrified at the prospect of taking his car to a garage for repair because, if we are to believe the figures handed about in the media, 70 per cent of the customers couldn't care less how much it costs, and the tax paid by company car owners in consideration of their perk is

otherwise, if they think otherwise, it is because they have been protected from the true cost of motoring for too long.

If the Government believes in its market force policies, then it should also believe that it is unnecessary except on humanitarian grounds to protect any section of the population from the effect of them. After all, the swinging cuts in public expenditure will lead inevitably to higher unemployment but we all hope (and pray) that the long-term effects will be beneficial.

P. D. Edwards.
4 Coppice Lane, Borden,
Sittingbourne, Kent.

Biblical perk

From Mr. Peter G. Hill.

Sir.—Even the psalmist fore-saw this problem!

Psalm 4, verse 2:
"O ye sons of men, how long will ye blaspheme mine honour: and have such pleasure in vanity and seek after leasing?"

Peter G. Hill.
Anke Cottage, Farley,
Henley-on-Thames.

Looming cataclysm

From Mr. Winston A. Cooper.

Sir.—Your front page item "Big Shorfall in Britain's Energy Supplies Predicted," and the related Editorial comment "The Looming Energy Gap" (September 18) make extremely instructive reading for the thoughtful individual.

If "energy rich" Britain (coal, oil, gas and nuclear resource reserves) can expect to be short of its "energy" requirements by between 15 and 20 per cent of estimated demand by the year 2000, then what of the rest of Europe? Readers in West Germany, France, Italy, Austria, Belgium, Denmark, Japan and most of all the United States should be extremely concerned by the implications of such a prediction.

Energy is a much abused noun and is thought of in over-simplified ways. As I have written in this column earlier

they think otherwise, it is because they have been protected from the true cost of motoring for too long.

If the Government believes in its market force policies, then it should also believe that it is unnecessary except on humanitarian grounds to protect any section of the population from the effect of them. After all, the swinging cuts in public expenditure will lead inevitably to higher unemployment but we all hope (and pray) that the long-term effects will be beneficial.

P. D. Edwards.
4 Coppice Lane, Borden,
Sittingbourne, Kent.

Not by bread alone

From Mr. R. Head.

Sir.—Mr. J. D. Sutherland (September 20) bemoans the arrogance of the protectionist when he complains of "unnecessary" goods flooding into Britain.

Unless those goods lie unsold on the shopkeepers' shelves then they must be necessary to the customers who buy them. They also provide highly nec-

essary competition for our own overmanned, over-priced industries.

It is common for bureaucrats to define which goods are "necessary" to the people and which are not. Yet in times of war and devastation it is lipsticks, nylons, cigarettes and chocolate that become the local currency—not bread or overcoats.

And if "energy rich" Britain will be importing 15 to 20 per cent of her energy needs by AD 2000, from where will these imports come? For, by the year 2000, many of the major "energy" exporters of the seventies will be experiencing declining production levels, while the demands of the energy importers will be increasing.

Without a realistic resolution, this is obviously an intractable international problem which threatens to engulf industrial society in an overwhelming cataclysm. After all, every individual nation cannot currently be a net energy importer for an indefinite period. This is a looming cataclysm which few seem to have noticed: Am I still in a minute minority? Winston A. Cooper.

Rimrose, Raleigh Drive,
Claygate, Esher, Surrey.

Slow delivery

From F. H. Smith.

Sir.—I wonder if others, like myself, who are trying to get the HMSO Daily List to which they subscribe feel that the publishers should be renamed Her Majesty's Stationery Office?

F. H. Smith.
British Transport Staff College,
Hook Heath Road,
Woking, Surrey.

Entrepreneurs should try:

1—Writing to local firms of solicitors and accountants with brief particulars of their scheme, asking if they have any clients who might be interested in investing.

2—Place a small advertisement in the "Business Opportunities" column of their local newspaper inviting backers.

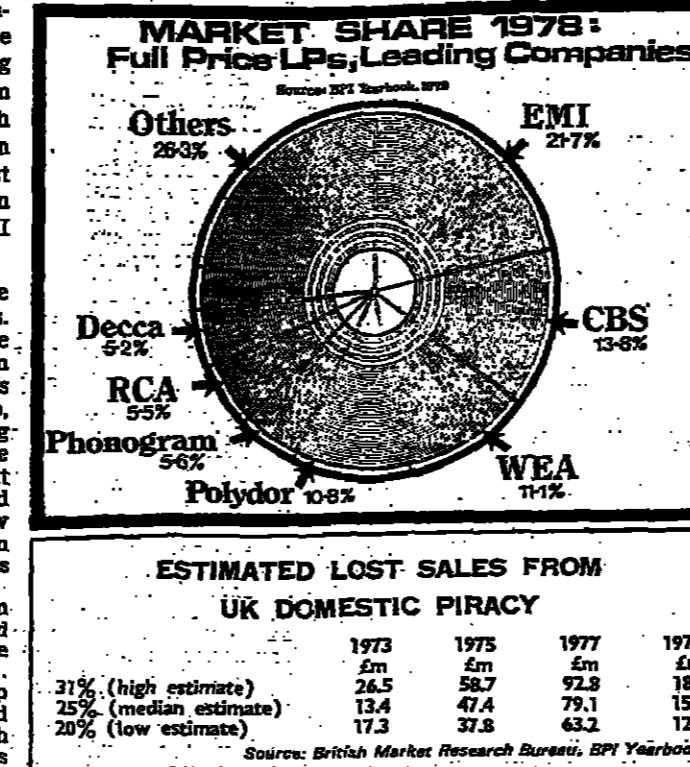
One or other of these may produce results.

Patrick Parry.

7 Green Lane, Stoke Albany,
Market Harborough, Leicestershire.



Paul McCartney's group Wings: star quality demands a large cut of the action



BY JOHN LLOYD

These elements coupled with a plateau in general "leisure spending" worldwide, are responsible for the industry's dissatisfaction.

UK companies, EMI and Decca, have been particularly bruised, though for different reasons.

In the future, all the companies which remain in the market will be required to pay more attention to the fact that they are in the electronics business as well as show business. Digital records, read either by a laser beam or an electrode, are now technically feasible: they offer improved quality without dust interference.

Mr. Roy Mathews, EMI's director of manufacturing, has seen Japanese research at first hand and is impressed; however, he does not want to commit himself to a system before a widely accepted standard emerges. Says Mr. Terry Werlock of Inter-magnetics: "The market for digital systems will be a long time coming. We can't forget that engineers and businessmen don't lead the trends, the public do."

Domestic piracy, while probably the most important, is not the only form facing the companies. The more familiar type is the selling of pirate records, which is said to be gaining popularity as more and more respectable shops are lured by the high profit margins offered by the pirates.

It wants to have a levy imposed on the sale of taping equipment and of blank tape itself: the proceeds of the levy would then be shared between record producers, performers, music publishers and anyone else who could prove he deserved a piece of it. This has some chance of success: the Whitford Committee, reporting in 1977, (Law on Copyright and Design, Cmdt 6732) recommended such a levy, and the industry believes the Government may be sympathetic.

It wants to review the amateur recording license and put up the fee, payable to BPI and now standing at a nominal £1.50. Some 8,000 to 10,000 of these are issued each year, and possession of one means your piracy is legalised.

It is conducting research into recording into each disc a "spoiler" layer which would be picked up by, and ruin, a tape but be inaudible to the human ear.

Recently, a variant of this has arisen: a pirate will strike a master from an existing record, then strike his records from that, often selling the results in a sleeve closely modelled on the original, though at around half price. This practice has particularly bedevilled companies like K-Tel, which have had some success in issuing "golden oldies."

Estimates of the market share taken by this sort of piracy vary enormously: from between 1 to 2 per cent to 15 per cent. Record companies are worried enough about it says M. Minton, to spend around £30m worldwide on catching the pirates. But like their domestic counterparts, they are on to much too good a thing to be easily deterred.

The companies and patent organisations are having some success in persuading governments—typically in the Middle and Far East—where piracy is at its height to crack down. Mr. Terry Werlock, a former manager of Decca's records department, says to pull back into profit there.

Finally, as though these were not enough, the record companies say that the stars are not what they were: they are simply not producing the crazes they used to. "Disco is finished," said Mr. William Tawney, managing director of Decca's records division, "and punk was never

going to be a big seller." The Beatles' Knack" has been top of the U.S. charts for some weeks. The European market remains flat, and in Japan, where EMI has a joint company with Toshiba, competition is fierce.

It remains unquestionably a world force, and it now appears at least possible that the company will not divest itself of the

video cassettes and video discs: EMI, like other majors, has interests in both. Indeed, it was access to EMI's enormous music catalogue for use by the U.S. company's videotape division which lay behind much of Paramount's interest in the company. EMI sees it as a related, but distinct, market.

Climbing the technology ladder may leave some of the pirates behind for a time: Both domestic and conventional piracy will find it more expensive and possibly digitalisation will foil their nefarious practices entirely. But new in the industry believe it will solve the problem in the longer term. High quality recording equipment means that piracy is a fact of life, and the record companies' most live with, or die from, its effects.

September 3rd 1963 should have been the happiest day in Bob and Helen's life. But it turned into a round-the-clock vigil of 16 years.

They named her Mary. When she was born she weighed 5lb and 3oz. Her parents, Bob and Helen, knew something was wrong but didn't quite know what lay ahead.

Bob was physically handicapped. After the initial shock, Bob and Helen pledged that they would sacrifice everything and devote the rest of their lives in helping Mary to face the world.

So Mary grew up at home. Day in and day out, year after year, the parents took turns to be with her. While Bob was at work, Helen did the housework.

For sixteen long years without a single holiday.

Unhappily going where they were able to leave Mary

Athens: city without a face

MOST foreigners warm to Athens, but the Greeks are beginning to class their capital as a disaster area. This year the Government has finally presented a programme to tackle what Mr. Dimitris Beis, the Mayor of Athens, calls "a city without a face," a place which has "lost its life and personality" and one where "worry, alienation and isolation" are the lot of its citizens. He also attacks its "unacceptable" transport facilities, its polluted atmosphere, and the virtual absence of modern sewage systems, parks and facilities for children and the old.

The Press takes a similar tone. It writes of the "catastrophe" of the city and its "melancholy post-war history." "One must be blind and paralysed not to see and feel the impasse Athens has reached," wrote Mr. Giannis Marinatos, editor of the influential economic weekly, *Oikonomikos Taibidromos*. "No more can it work as a city. Its inhabitants can no longer breathe, circulate on foot or by wheel, or find rest from the onslaught of noise."

Even Mr. Constantine Karamanlis, the Prime Minister, is reported as saying that half the city needs to be pulled down to set it right. And he has warned that if its rapid growth is not checked within a few years it will become uninhabitable.

The development of modern Athens has been remarkable. During the four centuries of Ottoman occupation there was little evidence of the golden age of Pericles which the Greeks now trumpet abroad. Indeed, in 1810 what Milton had called "the eye of Greece" was a muddy, provincial village which did not even boast a taverna, or so a friend of Lord Byron complained. It was not the original choice as capital for the new Greek state; that honour fell first to Nauplion and then to Argos. But in 1834 it gained its present role,

a palace was built for its Bavarian monarch and—later—some streets were provided.

From 31,000 in 1838 the population reached 453,000 by 1920. Largely as a result of the massive inflow of refugees from Asia Minor it then doubled in the next decade. In 1961 the greater Athens area had nearly 2m inhabitants. Now the figure is over 3m.

Traffic jams

Few countries in the world boast that they have over one-third of their population in one city—and few would want to do so. The Greek "walking with sainthood" of the glorious ruins of antiquity—as Gibbon described him—has been replaced by the harassed householder of today, battling with bus queues and traffic jams as he tries to make his way home or to the second job he is likely to hold.

Conditions are worsening, according to the introduction to the 1978-82 Five-Year Plan, and "nature and the historical and cultural environment are being destroyed or seriously degraded and in general the productivity of economic activity is being negatively affected."

Those who visit Athens today can, if they look still find the odd tree-lined square, a quiet area of a traditional *tafetaria*. But the Plaka area under the Acropolis has become a tower of Babel with loud speakers blaring out songs in many languages and the charming prettily town houses are crumbling before the concrete apartment block. "Athens by day is jungle and desert... The outsider is confounded by blinding clarity and mouthfuls of cement powder, by downpours that can turn streets into river beds in a few minutes and by the din of building, wrecking, traffic and human beings," writes Mr. Kevin Andrews in his incisive book on the city.

The tourist coaches fill with tourists the streets originally made for horse-drawn carriages. The trebling of the number of private cars in the past decade has created a nightmare of congestion. A recent survey showed that Athens has become the noisiest city in Europe, with the decibel level believed to be responsible for increasing psychological and nervous disorder.

Pollution, from vehicles and industry, is appalling. The Parthenon and the Caryatids, the famous maidens of Athens, have suffered more damage in the past 25 years than in the previous 25 centuries. Most of the sea around Athens and Piraeus is classed as a health hazard by doctors' associations.

Two-thirds of the city's sewage goes untreated into the Saronic Gulf, mixing with the refuse of the shipyards, oil refineries, steel mills and factories which line the coast. Marine life has been driven out to sea. "No swimming" signs proliferate. And the city lacks "lungs": a mere 2 per cent of its area is green, compared with around five times this figure in many European capitals. Finally, the recent decree that night clubs and cafés should shut at 2 am has prevented Athenians from enjoying the one time when the city is quiet.

Yet such is the bold that Athens has over Greek life that its population still continues to grow, rents to soar and property prices now match those in London. In 1980, 56 per cent of the city's population was born outside the country and in 1971 the census showed that 10 per cent of its population had moved to the capital in the previous six years. It accounts for nearly half of industrial employment in Greece. Attract 50 per cent of Greek private investment deals with 60 per cent of the country's foreign trade and houses 70 per cent of the nation's doctors. It pays most of the taxes, dominates cultural life and is

where all official decisions are made. To complicate matters further is the way that the financial, political, administrative, social and commercial centres have all concentrated in the same small area of Athens—that stretching from Omonoia Square (whose palm trees were felled in the 1930s for giving too African a touch) to Constitution Square (whose palm trees survive).

Furthermore, with the modern capital often built on top of ancient or 19th century Athens, attempts to solve such problems as those of transit, run into permanent difficulties with the archaeologists and preservationists.

Since the war various attempts have been made to prevent the city over-expanding. In the 1950s preferred investment terms were made available in the provinces. Later 11 industrial zones were set up under ETVA, the Greek Bank for Industrial Development. Then in 1976 special incentives were granted in border areas and early this year a ban was imposed on most forms of further industrial investment in the Athens area.

New initiative

Few of these measures had much success, but since the spring the present Government has launched a more comprehensive programme. *Oikonomikos Taibidromos* has described this as the most systematic programme so far and the one basically most fitting the needs of the country.

The main difference between the new package and previous efforts is that for the first time the need to improve living conditions in the provinces is recognised. If present population trends were to continue by the year 2000 Athens would have 6.5m of the country's 11m people and Salonicci—which, with small, has many of the problems of Athens—1.1m.

With all rural Greece classed

as a development area by the EEC, the country can expect help from the Community. The EEC Commission has described its income distribution as similar to that of Italy but argues that its disparities would be harder to tackle. It estimated that about \$120m would be required annually from the Community's regional development funds.

The fate of previous attempts to spread regional development shows the problems facing the authorities—as does the fact that the present plan for Athens is the seventh to be prepared recently. The cynics comment that the only plan ever carried out was that of the Bavarian King Otto in the 1830s.

There has already been a problem in the Government about how the intended Ministry for Regional Development, Housing and Environment would share responsibility with the presently all-powerful Ministry of Co-operation. But a more serious issue is how the central authorities will work with the local authorities. The Mayor of Athens rejects a recent comment that mayors in Greece have as much power as municipal gardeners in Western Europe. But their rights to appoint the personnel they choose and to raise revenue are

extremely circumscribed. They can charge for specific services but not impose taxes in the way common in other countries.

Mr. Beis, who was elected on an anti-government vote, has proved considerably more decisive than his predecessors. One of his first acts was to demand a 1bn drachma loan from the Government: he received half that. Flowers have begun to appear on the streets, some trees have been planted and a few pedestrian precincts created—to the fury of motorists.

Objections

However, he is critical of what the Government is doing.

In part his objections are about the lack of prior consultation and co-operation with the municipalities. He sees the regional centres of development as "a bureaucratic, technocratic solution" claims that no national regional development programme exists and that the Government is lacking courage in handling decentralisation of decision making.

"In their market place the Athenians have, among objects not generally known, an altar to Mercury, of all divinities the most helpful to man during his life and in the changes and reversals that befall him, to whom the Athenians alone among the Greeks give honour," wrote Pausanias. Today more than mercy is required if Athens is not to withdraw like the ancient city beneath the splendour of its prime.

Economic Diary

MONDAY—Miners' pay claim goes before National Coal Board. Bank of England quarterly analysis of bank advances (mid-August). Two-day strike by Confederation of Shipbuilding and Engineering Unions. Liberal Party Conference opens. Winter Gardens, Margate (until September 29). Books and cement production. (August). Mr. Peter Walker, Minister of Agriculture, and Mr. Clive Jenkins, general secretary, Association of Scientific, Technical and Managerial Staffs, at Council for Education in World Citizenship conference, Institute of Education, Bedford

WEDNESDAY—Conference of EEC Agriculture Ministers opens at Dublin Castle (until September 28). EEC Energy Ministers in talks in Paris with U.S., Canada and Japan on reducing oil consumption. Meeting of Trade Union Congress executive council. Labour Party national executive meets.

THURSDAY—Manchester Central election. Sir John McHerron, director general, Confederation of British Industry, speaks at National Cold Storage Federation luncheon, Savoy Hotel, London. Energy Trends publication.

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1075% p.a.

This net rate may vary but the 2% differential over share rate is guaranteed

without tying you down again

Unlike most other high interest schemes, Abbey National Open Bondshares keep your savings on the highrate differential—after you have completed your contracted term—you can stay on that high bonus rate for as long as you stay in the scheme.

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It's very handy to get extra high interest without being tied down for another long period, especially as your investment is at only three months' notice once you have completed your contracted term.

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the start. Of course, if you'd prefer only to commit your savings for one year at first, the STEP method still pays a handsome premium as you move up to the maximum rate.

You can have your interest as monthly income, or half yearly, whichever suits you best.

If you are thinking about retirement, or the best way to profit from your capital, this option may suit you very well.

Remember—you will have no further basic rate tax obligation on the interest you receive.

And of course, Open Bondshares

Rate of interest in	Initial Contracted Term				
	1 year	2 years	3 years	4 years	5 years
% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.
1st year	9.00	9.25	9.75	10.25	10.75
2nd year	9.25	9.25	9.75	10.25	10.75
3rd year	9.75	9.75	9.75	10.25	10.75
4th year	10.25	10.25	10.25	10.25	10.75
5th year	10.75	10.75	10.75	10.75	10.75

Interest rates based on a Share Account rate of 8.75%.

These rates may vary but the Bowditch differential above normal share rate is guaranteed 1 year 10.25%, 2 year 10.50%, 3 year 10.75%, 4 year 10.75%, 5 year 10.75%.

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Interest rates based on

Companies and Markets

Laporte soars by 80% to £8.5m midterm

DESPITE LOSSES during the transport strike and a £1.3m exchange deficit, taxable profit of Laporte Industries (Holdings) soared by 80 per cent from £4.75m to £8.52m for the first half of 1979.

Mr. R. M. Ringwald, the chairman, forecasts reasonably satisfactory full year results "considering the difficult economic climate." For 1978 profit was £1.24m, compared with a peak of over £5m two years earlier.

Group trading profit for the half year, before interest of £1.25m (£1.4m), climbed from £1.12m to £3.77m. Of this total Laporte and its subsidiaries contributed £3.67m, against £1.49m, while the principal Interox companies, mostly 50 per cent owned, produced a rise from £4.12m to £5.23m. The share of other associates reached £265,000 (£518,000).

External sales were ahead to £22.3m (£20.55m) with £1.45m, against £44.68m, from UK products; £7.73m (£5.88m) from the Australian group; £1.57m (£1.77m) from other overseas subsidiaries and £3,000 (£204,000) from technology sales. The share of Interox companies was up to £27.05m to £31.54m.

With tax taking lower percentage at £4.04m (£2.8m) stated earnings per 50p share showed a more than 135 per cent jump to 9.64p (4.1p). The net interim dividend is stepped up to 3.5p (3.0217p)—the final last time was 4.5235p.

In addition to the currency loss taken before tax a further £68,000 exchange deficit was

dealt with as an extraordinary item. After a total effective extraordinary debit of £946,000 (£65,000) and preference dividends the attributable surplus emerged at £3.83m (£1.83m) of which £2.2m (£457,000) was retained.

Though a revaluation of Interox assets has not yet been completed allowance for an increased attributable depreciation charge of £300,000 has been made. The group provision was £1.97m (£2.02m) net of grants.

See Lex

Sparrow expands midway

FOLLOWING AN increase last year to a record £1.87m, G. W. Sparrow and Sons, crane hire concern, lifted pre-tax profits from £514,000 to £624,000 for the first half of 1979.

Turnover for the period improved to £25m compared with a previous £22.2m.

The directors state that the substantial investment programme is well under way. And the company has a good intake of inquiries and orders for the rest of the year, and into 1980.

In April the directors said they expected an overall profit increase for the current year.

The interim dividend is raised to 1.206p (0.962p) net per 20p

share—last year's final payment was 1.46p.

On the six months' results the only tax payable is overseas, estimated at £34,000 (£52,000).

No tax is payable on UK profits due to the availability of capital allowances.

Winn Inds. higher in first half

WITH MOST companies showing advance Winn Industries improved pre-tax profit for the first half of 1978 from £546,000 to £741,000.

Excellent progress has been made in certain areas with some large export engineering orders, and the group forecasts a satisfactory year. For 1978 profit was £1.58m (£1.51m).

Declaration of an interim dividend has been deferred until the recommended £8.75p offer for the group by London and Midland Industrials, made earlier this month, is known.

Winn's sales for the six months were up £1.61m to £13.84m.

After tax of £322,000 (£336,000) net profit came through at £362,000 (£310,000).

The directors say that good control of trading activities and the sale of a large property, which was formerly occupied by a subsidiary, have greatly enhanced the company's cash resources.

DIVIDENDS ANNOUNCED

	Current payment	Corre. Total	Total
	of spending for	last	year
	div. payment	year	year
Adwest	£0.65	Nov. 16 6.5	13.5 10
Goodman Bros.	0.96	Nov. 20 0.88	0.96 0.83
Hall Engineering	£1.1	Nov. 9 2.47	— 4.94
Thos. Jourdan	int. 1.05	Oct. 23 1.01	3.22
Laporte	int. 3.5	Nov. 23 3.02	— 7.55
Liberty	int. 0.8	Nov. 15 0.76	— 3.22
Moivex	0.7	—	0.34
Nesco Inv.	int. 2.85	—	6.7
F. S. Ratcliffe	4.25	—	5.25
G. W. Sparrow	int. 1.21	Nov. 28 0.96	— 2.4
Tharsis Sulphur	int. 6	—	Nil
Thos. Walker	0.76	Nov. 8 0.64	0.93 0.81
Ward White	int. 1.4	Nov. 10 0.83	— 2.68*

TAXABLE profits of Hall Engineering (Holdings) have expanded from £2.25m to £2.85m for the half year ended June 30, 1979.

Although prospects for the second half had been looking encouraging, they will suffer from the consequences of the current national labour dispute in the industry, the directors state.

They add, however, that other factors could have compensatory effects.

Profit for the whole of 1978 rose to a record £5.25m (£4.1m).

Basic first half earnings are shown at 11.23p (8.73p) per 50p share, and 0.89p (7.78p) fully diluted.

The interim dividend is increased to 3.1p (2.47p) net, which will absorb £347,500 (£297,000)—last year's final payment was 2.47p.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

In response to an earlier agreed bid of \$55 per share for Barber Oil of the U.S., made by Engelhard Minerals and Chemicals, Hanson Trust offered \$163m for Barber at \$81.50 per share. Hanson's move came while the group is finalising its £23.6m takeover of Lindustries, and the Barber bid is to be financed through Hanson's own cash resources and credit lines. Hanson already owns a 9.05 per cent stake in oil and shipping concern Barber, and its offer is conditional on the latter's Board recommending the deal to its shareholders which it seems likely to do since it has already accepted the cheaper Engelhard offer.

Grovewood Securities, a subsidiary of insurance group Eagle Star Holdings, has acquired 20 per cent of heavy engineering concern Mitchell Somers from Johnson and Firth Brown for a consideration of around £1.5m. Grovewood states that it may increase its holding if the opportunity arises, but that no bid for Mitchell Somers is envisaged.

Mr. Paul Bristol, chairman of oil servicing and contracting group KCA International who recently failed in his attempt to gain representation on the Board of Furness Withy, has bought 24 per cent of KCA from Ward International, the company which helped KCA out of trouble two years ago. The deal, thought to be worth around \$2m, raises Mr. Bristol's interests in KCA to 24.58 per cent of the equity capital. In a separate deal, KCA acquired Seamed Services and Northern Baltic Producers from Imperial Continental Gas for a consideration thought to be worth just under £1m.

Company bid for	Value of bid per share** price**	Price before bid	Value of bid £m's**	Final Ac'tee date	Bidder
FPA Const.	18	16	18	1.27	Heywd. Wms.
Gibbons Dudley	155.1	147	97	30.1	Stoeley
Lindustries	135.1	134	120	23.6	Hanson Trust
Pye Holdings	180*	176	116	24.5	Phillips
Sandersons' Kaiser	75.8	76	50.1	4.47	GET
Siemens Hunter	88*	84	78.1	5.00	Brit. Arrow
Spillers	47.1	43	39.4	6.9	Dalgety
Taylor Ballister	96.1	105	95	0.46	London and European
Winn Industries	70.8	64	62	8.25	London and Midland Inds.

* All cash offer. ** Cash alternative. † Partial bid. ‡ For capital not already held. § Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 21/9/79. † At suspension. ‡ Estimated. § Shares and cash. || Unconditional.

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Companies and Markets

WORLD STOCK MARKETS

Early heavy trading on Wall St.

INVESTMENT DOLLAR PREMIUM
\$2.60 to \$1.331% (32%)
Effective \$2.163 11% (10%)

A MIXED TREND prevailed in heavy trading on Wall Street yesterday, following Thursday's strong rally that produced the biggest advance in 11 months.

After opening 2.64 up at 896.57, the Dow Jones Industrial Average rallied

called disappointing, they said the well did not produce commercial flows of gas but that further testing and drilling would be needed fully to evaluate the well.

Standard Oil Company of California, down \$1.1 to \$60.4, Chev-

ron Canada subsidiary said it

had drilled 800 barrels of oil a day plus 400 cubic feet of gas per barrel of oil. More tests at lower depths are planned, it said.

Mobil lost \$2.4 to \$53.1—it has a stake in the Hibernia Well off Newfoundland. But Texaco gained \$1 to \$30.3.

Kathleen Investments rose a further 8 cents to 5.10 on its first dividend since 1975.

Gulf Oil shed \$1 to \$34.1 and

Columbia Gas \$2 to \$37.

American Motors put-on \$1 to

\$81 on its first dividend in five years, a quarterly payment of 7½ cents a share. Ford Motor rose

7½ cents to \$43.3.

Superior Oil surged ahead \$10

again by 1 pm, scoring a net rise

of 2.56 to \$65.25 and making an

advance of 17.1% on the week.

The NYSE All Common Index,

at 863.06 rose 20 cents on the

day and 98 cents on the week,

while advances led declines by

a seven-cent majority. Trading

volume mounted ahead 12.4% in

shares to 59,366, compared with

11.8 on Thursday.

The surge Thursday was

fuelled by strength in the Oil

Group on speculation about

recent North American oil and

gas discoveries, particularly off

Newfoundland.

The Oil and Gas Index lost

5.8 to 3410.7 and Golds dipped

15.5 to 2260.2, but all other In-

dices improved. Metals and Min-

erals gained 15.5 to 1516.4. Util-

ties 0.80 to 248.57. Banks 0.61

to 314.04 and Papers 0.88 to

125.54.

TELE AMERICAN SE Market

Value index gained 0.81 to

228.42, making a rise of 2.50 on

the week.

The Oil Group dominated in

voter interest. Damson Oil rose

8½ to 151.3.

MILAN—At day's high in fairly

active trading, All leading Indus-

ties gained.

Financials also higher. Insur-

ances slightly lower.

PARIS—Generally firmer in

active session. Continuing cur-

rency uncertainties, easier tone

of Gold and firmness on Wall

Street main factors behind rise

SWITZERLAND—Prices rose

over broad front, sparked by ac-

tive Domestic and Foreign inter-

est in response to favourable

Swiss economic prospects and

low inflation rate.

Domestic and Foreign Bonds

improved in moderate trading.

Dollar stocks slightly below

overnight New York levels.

Dutch Internationals rose. Ger-

mans mixed.

TOKYO—Sharply higher in

moderate trading. Volume 300m

(240m) shares.

Electricals, Vehicles and other

Populists, bought selectively, but

Resource-related issues fell.

Buying increased in Trading

Firms, Precision Instruments and

Machineries.

otherwise lacklustre markets.

Motors little changed. Chemi-

cals mostly firmer. Engineering

mixed.

PUBLIC AUTHORITY Bonds

narrowly mixed in quiet trading.

Bundesbank sold DM 4.2m of

stock.

Deutsche Bank

rose 1.2% to 15.1.

Dart Industries

rose 1.2% to 46.1.

Deere

rose 1.2% to 38.1.

Detomaso

rose 1.2% to 17.1.

Dimon Int'l

rose 1.2% to 55.1.

Doyle Dane Bernbach

rose 1.2% to 41.4.

Diamond Shmfr

rose 1.2% to 26.1.

Doyle Dane Bernbach

rose 1.2% to 40.1.

Dow Chemical

rose 1.2% to 32.1.

Dravo

rose 1.2% to 31.1.

Drexler

rose 1.2% to 46.1.

Dunlop Alclad

rose 1.2% to 28.1.

Eastman Kodak

rose 1.2% to 41.1.

Eaton

rose 1.2% to 38.1.

Egg & G.

rose 1.2% to 59.

E.I. du Pont de Nemours

rose 1.2% to 21.1.

Exxon

rose 1.2% to 55.1.

Fiat

rose 1.2% to 10.1.

First Chicago

rose 1.2% to 21.1.

Florsheim

rose 1.2% to 22.1.

General Mills

rose 1.2% to 25.1.

General Mills

rose 1.2% to 21.1.

Gen. Signal

rose 1.2% to 35.1.

Gen. Tel. Elect.

rose 1.2% to 22.1.

Georgia-Pacific

rose 1.2% to 41.1.

Getty Oil

rose 1.2% to 62.1.

Gillette

rose 1.2% to 25.1.

G.I.T. X

rose 1.2% to 40.1.

Globe Electric

rose 1.2% to 55.1.

Gordon Moore

rose 1.2% to 65.1.

General Mills

rose 1.2% to 25.1.

FINANCIAL TIMES SURVEY

Saturday September 22 1979

Home Entertainment

In leisure, as in other fields of activity, developments in micro-electronics are bringing about a revolution. Products are becoming more sophisticated—and also cheaper—while the potential of the TV set as a medium for receiving information as well as for entertainment has only just begun to be exploited.

A new world of leisure

By Arthur Sandles

IT IS both a joy and distress to the forecasting business that unpredictables are a key factor in the game: the unforeseen will always happen.

A decade ago, to have predicted a series of oil crises would have demonstrated a remarkable feel for the future. To suggest further that Britain would find enough fuel in its own back yard to give the nation breathing space in the midst of international recession might have appeared to border on fantasy. Although crystal ball gazers would talk airily of some future world operated by robots, few saw it happening quite so quickly. And just as the silicon chip and micro-processor revolution are upsetting the structure of industry, so it has changed thinking as to the prospects for leisure.

Micro-technology in its domestic applications has

already changed leisure habits. The transistor radio, now remarkably into its third decade as a mass market item, was but a foretaste of things to come. Today the gadgetry ranges from electronic organs to pocket calculators, from tape and video recorders to home computers. Where once the portable television was remarkable the home computer is now a common sight in the high street stores. The children who once played ludo are now battling out their fantasy wars in other galaxies with the aid of video games complete with electronic sound effects. Around 1m video games alone are sold in Britain each year.

To define leisure and entertainment is a difficult task. In its crudest sense anything that is not work, and not necessary to keep our body systems operating normally, is leisure.

Thus a meal may be a necessity, but a meal with wine and cooked with a sense of style is surely an entertainment. This is not as academic as it may first seem, for the lines between leisure and necessity are increasingly blurred. It is already possible, and as the years pass may be probable, that many office workers will have no need to journey to a central point. They may operate at home, linked to files and colleagues via video-terminal, perhaps sending letters to a central print-out bureau. That same video unit will be capable of receiving off-air normal television services, accessing cable television, offering a quick game of chess during the office coffee break and playing back a video cassette

movie late at night. It will be able to chat to fellow computers and provide its owner with an array of services and information. No ducal palace of the past will have been equipped with a library to match that of Surbiton man in a decade or so.

A variety of factors are combining at the moment to point the way to an explosion in home entertainment rather than other forms of leisure. High on the list is the fact that leisure time is expanding faster than the cash to fund that time. Thus, the 1960s speculation that by the late 1970s all the world would be rushing off to exotic destinations on package tours has been proved false by the problems of recession and rapidly rising fuel and labour costs.

We have been driven inward to our home base by the daunting costs of leaving it, and there is little sign of any change to the basic forces which have led to that retreat, at least in the short or medium-term. Some might say that this is simply the wheel of history turning full circle again. A concentration of entertainment and leisure within the home environment might not be considered a bad thing. The difference is that the television has replaced the magic lantern and hi-fi has moved into the spot where the piano used to stand—a generalisation which does not hold water entirely since the piano itself is making something of a comeback.

The growth of the home entertainment business in recent years has been remarkable. The average British home has as



The modern television can provide a variety of information through viewdata services: from stock market prices to sports results and from household hints to travel timetables

much as £300 worth of television (a modest colour set and an old monochrome unit, perhaps relegated to a child's room), £20-£40 worth of radios, anything from £60 to £1,000 tied up in hi-fi, and in addition to that there is an assorted collection of tape recorders, games, guitars that people meant to learn one day, the odd recorder or two. Latest acquisitions may include pocket calculators, as much toys as mathematical aids,

been making, while the Dixon chain has been built upon public eagerness to invest substantial amounts in domestic hardware.

The battle for this blossoming business, however, has not been without its casualties. The marketing war between Europe and Asia in the field of radio and television has left deep scars and decimated European radio set manufacturing activity. The struggle for innovation in the field of hi-fi with quadraphonics was, and perhaps is, so deadly that in the absence of a victim the market simply disappeared because the producers could not agree on a uniform system. The scene might have been set for similar disaster in videotape and more recently videodiscs were it not for the fact that public demand is such that it seems even a confusion of product is not a sufficient disincentive. Clearly, even here it is unlikely that VCR, VHS, Betamax and a variety of videodiscs will all survive as rival systems for the next decade or so. In sound recording there are signs that the cassette is making accelerating gains over the cartridge.

Just as in the hardware business things have been difficult, and often involving massive sums in investment, so the software area of home entertainment has seen its market warfare. EMI's problems are partly due to its inability to keep pace with changing tastes in the record business.

But it is not only business that has found the pace of change worrying. There have been clear signs that

they are on selected bookstalls. It is perhaps a pleasant aspect of society today that in spite of all the innovations many of the traditional forms of home entertainment survive and thrive. We still buy playing cards, the chess business is healthier in Britain than it has been for centuries, backgammon is hardly an international novelty, the Beatles helped to turn teenage attention towards guitars (albeit often electric guitars) and corner shops do indeed sell games of ludo and snakes and ladders.

For the moment, therefore, although considerable attention is focused on new technology in the home, this seems to be in addition to the traditional forms of home entertainment rather than totally in replacement.

At far as prospects for the world of home entertainment are concerned it would seem that the omens are good. In the absence of depression, rather than recession, spending power in the West will be coupled with an enthusiasm for the new goodies which are likely to be on offer. In recent years almost every field of home entertainment has relied upon the impetus of technical improvement and change for its growth. Stereo recording, Dolby noise reduction, videotaping, and now a baffling array of products making use of the microprocessor have all helped to move the market along. If one thing is certain in an uncertain future, it is that the world's electronic laboratories will continue to produce new temptations for the world's consumers.

Enjoy the latest in home entertainment with Currys' DISCOUNT PLUS'

Rock-bottom prices, plus service no discount store can match.

Currys' 'Discount Plus' offers you a wide choice of the latest in home entertainment, plus the advanced backing it deserves—including a nationwide service division trained to handle it. You get a low price, plus Currys Price Promise: if you find you could have paid less locally for the same thing at the time of purchase, call back within seven days and we will refund the difference. Refunds calculated on the cash price.

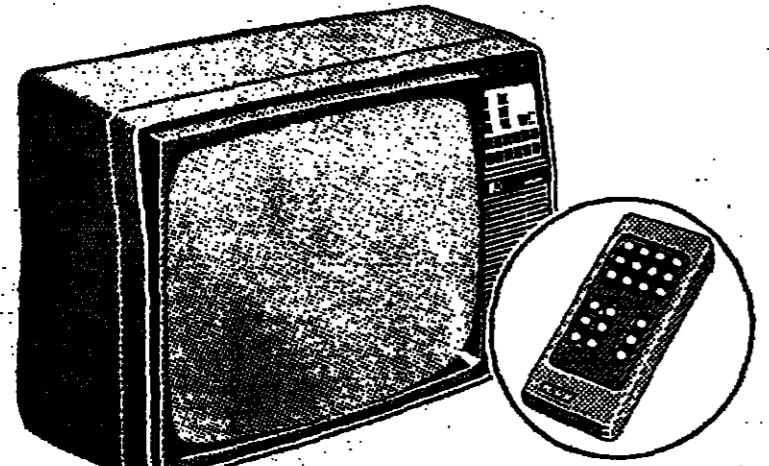
You get Currys Mastercare Service—12 months free parts-and-labour guarantee, then low-cost service contracts.

You can have goods delivered at a small extra charge. And pay cash on delivery—just telephone your order to any branch.

There's a wide choice of credit terms.

And choosing is easy—our stores are in high streets everywhere.

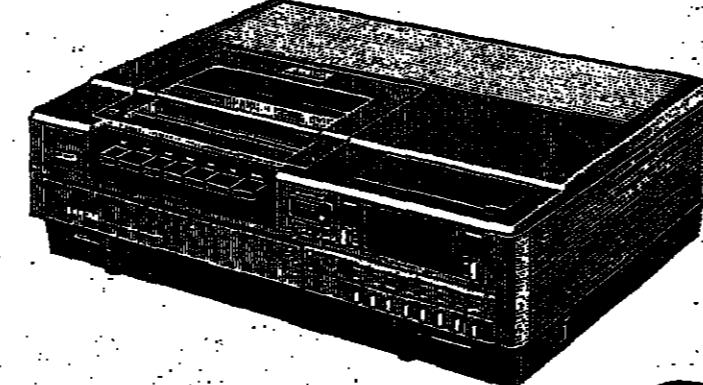
Recording/playback of material may require consent. See Copyright Act 1956 and Performer's Protection Acts 1958-72. Prices correct at time of going to press. Items subject to availability.



16" PYE REMOTE-CONTROLLED PORTABLE COLOUR TV (722B)
This 16" portable colour TV from Pye has the latest infra-red remote control of programme selection, volume, muting, brightness, and other functions. The receiver has automatic frequency control, quick-start picture, twelve pre-select programme buttons, headphone socket, loop aerial, carrying handles. Button twelve gives optimum results with a VCR Television Recorder.

CURRYS
PRICE £299

Wide choice of credit terms available.



HITACHI VT-5000E VHS

Can be pre-set up to 10 days in advance to record. Features include 3 hours maximum recording and playback time, remote pause control, colour camera facility and tape counter. Includes 3 hour cassette.

CURRYS
PRICE £599

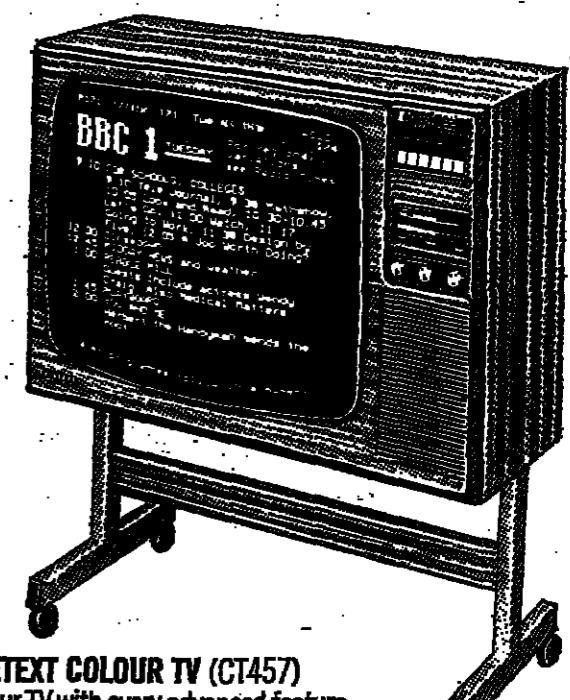
Wide choice of credit terms available.



SANYO BETACORD VTC 9300P
Can be pre-set up to 3 days in advance to record. Features include 3½ hours maximum recording and playback time, remote pause control, still frame, camera facility and tape counter. Includes 2 hour 10 min. cassette.

CURRYS
PRICE £579

Wide choice of credit terms available.

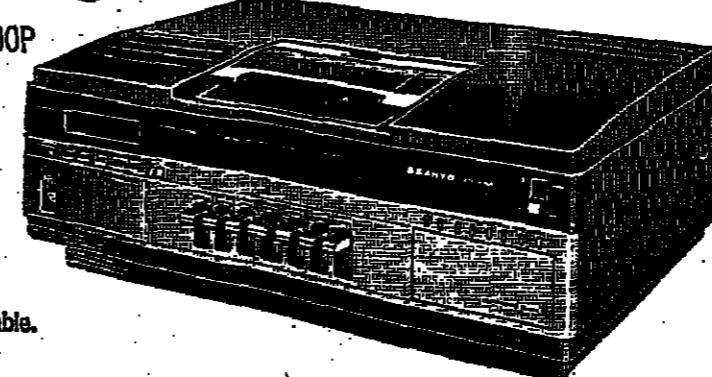


PYE TELETEXT COLOUR TV (CT457)

A 22" colour TV with every advanced feature, including Teletext—an electronic newspaper at your fingertips, using remote control in armchair comfort. Other features include the Mullard 20AX 'High Brightness' picture tube, and full remote control of every function.

CURRYS
PRICE £489

Wide choice of credit terms available.



TOSHIBA RACK SYSTEM (225H)

An advanced Hi-Fi system in a purpose-built storage unit, complete with space for records and cassettes. Units include fully automatic belt-drive turntable, 2 x 28-watt RMS stereo amplifier, L, M and stereo-VHF radio tuner, stereo cassette deck with Dolby system, two loudspeakers. Offers every facility for highest-quality sound.

CURRYS
PRICE £499.90

Wide choice of credit terms available.

Britain's electrical specialists

Currys

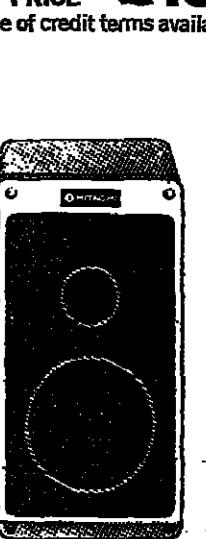
The products shown here are on display at most larger branches, but can be ordered from any branch.

HITACHI STEREO RADIO RECORDER (TRK9150E)

This L, M, and stereo-VHF radio recorder has detachable two-way speakers and an accurate quartz clock timer for automatically switching radio or recorder on and off, plus a host of features and facilities. Powerful 7.5 watts per channel output.

CURRYS
PRICE £219

Wide choice of credit terms available.



HOME ENTERTAINMENT II

New versatility in movie-making

NOWADAYS one in every ten households in Britain is reckoned to own a movie camera, each consuming approximately six rolls of film per year. Most of this activity is of the type rather disparagingly known as "baby-on-the-lawn" film-making. Yet a small percentage of family cine camera users have become insidiously gripped by the movie-making disease and become very serious amateur film-makers—so much so that there are now some 400 cine clubs in Britain catering specifically for this more committed extension of the hobby.

It is important to recognise the difference between movie snapshots and serious amateur film-making. In the first situation the procedures involved are little more complicated than the taking of still photographs. But no matter how well the camera work is executed the final results on the screen will rarely bear comparison with movies as seen on television or in the cinema—and the gap between the two techniques is very big.

Amateur movie-making is now synonymous with Super 8mm film—that is, colour cine film which is 8mm wide and makes more picture area available than the older type of Standard 8mm film. This has been achieved by employing smaller sprocket holes and squeezing a bigger frame into the same width. One consequence of this is that old Standard 8mm film cannot be screened through Super 8mm projectors. A few home movie-makers—very few indeed—still use 16mm film, now a professional gauge used extensively on television, although when introduced in 1923 it was originally intended for the amateur.

For nearly all home movie-making, 16mm film is an unnecessary technical luxury as well as a much more expensive medium. Although it yields brighter and sharper pictures and is generally better supported with a wide range of ancillary equipment and professional services, it is really for the exclusive circle of amateurs who aspire to match professionals standards.

The best of modern Super 8mm cine cameras have been designed to provide versatility of performance with greater simplicity of operation. Facilities include automatic exposure control, motorised zooming and facility of synchronising sound recorders with the film as it is shot so that lip-synchronised dialogue is relatively simple to accomplish. Some of these developments—such as the motorised zoom lens—have actually preceded their adoption on professional film cameras.

Adequate

For every simple record work (almost literally baby-on-the-lawn) an inexpensive camera with a non-interchangeable lens may be adequate. But the freedom to either change lenses or use a zoom lens with variable focal length may be desirable if there are any aspirations to achieving some pictorial impact. Longer focal length lenses (or zoom lenses adjusted to the equivalent setting) yield a larger image size (but a corresponding narrower angle of view). If much filming indoors is contemplated, a short focal length lens may be essential in order to encompass a wide enough angle in the average living room (and for such occasions, simple artificial lighting may be needed too). The extent of the camera's movement should be very precisely planned, and if at all possible the camera should be mounted on a tripod to assist in keeping the camera steady.

The projection of uncut film shot in this way requires nothing more elaborate than a screen (which can be a white bed sheet) and a projector—again a piece of equipment that can vary from the very simple with modest light output and a limited "throw" (that is, picture or screen size) to the expensive which yields not only brighter, bigger and sharper pictures but also steadier pictures.

If some sense of ambition infects the home movie-maker, it will usually lead to those huge and expensive leaps that finish at the door of the local cine club. Original film exposed in a camera not only needs to be edited later to remove blunders or weaknesses, but if the medium is to be fully extended the process of editing can be made to yield an exciting sense of rhythm and visual point and counterpoint.

The editing of home movies requires a basic minimum of two pieces of extra gear—a

splicer for cutting and joining the film and a hand-operated animated viewer to enable individual shots to be examined closely for the selection of "takes" and the determination of precise cutting points.

Direction of people in the scene often suffers because they too often stand there in front of the camera limp or lifeless, afraid to move because they do not know what to do. It is always better to give people something to occupy their hands or interest (babies on the lawn are thus frequently more interesting because they do have their own preoccupations).

This adds up to one simple but valuable maxim. Every shot taken on a movie camera should as far as possible be worked out carefully before the button is pressed. The action and content in front of the camera should be rehearsed if it is controllable, the extent and direction of the camera movement should be very precisely planned, and if at all possible the camera should be mounted on a tripod to assist in keeping the camera steady.

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A reward for excellence in amateur movie-making: "Movie Maker" always has a star celebrity to present us Ten Best awards at the National Film Theatre. Here Joan Collins is seen presenting David Percy with Finchley Cine Society's trophy for "Escape From Hotline" in the 1977 competition

The politics of TV

WHATEVER the technological innovations that lie on our entertainment horizon, off-air broadcast television as we know it now in the form of ITV and BBC-TV is likely to remain the main focus of home leisure for the foreseeable future. Off-air TV (meaning television which can be picked up by an aerial) has many advantages, not the least of these being that large numbers of consumers can be reached relatively simply. The very fact that Britain has invested huge sums in ensuring that the basic three, soon to be four, channels can be picked up by most of the population means that the prospects of change to any other form of national service are slim.

The actual form of Britain's fourth channel has yet to be spelled out, but it will certainly round off the system for a long time to come. Additional channels, perhaps produced by a re-engineering of the present 405-line system, which still lingers on, are a long way off. Nonetheless it would be naive to suggest that the television companies and the BBC were resting content about the future. They are likely to face increasing competition in the home. The fact that audio cassettes arrived on the scene just before a boom in radio listening rather than a drop brings them little comfort. The videotape recorder is regarded with considerable disquiet, and the prospect of any relaxation of the rules covering cable and pay TV is viewed with something approaching horror.

Pressures

But all that is probably at least a few years away. For the moment the television programme organisations are more concerned with the setting up of the fourth channel and the dealing with the financial pressures which both ITV and the BBC see as growing over the next couple of years. As far as the home viewer is concerned the prospects seem bright. If it lives up to its potential, ITV 2 could be a bigger and better BBC 2. Certainly for the moment at least, ITV has the financial muscle to make it so, and the past few years of brain-draining suggests it also has the talent. Whether or not it really

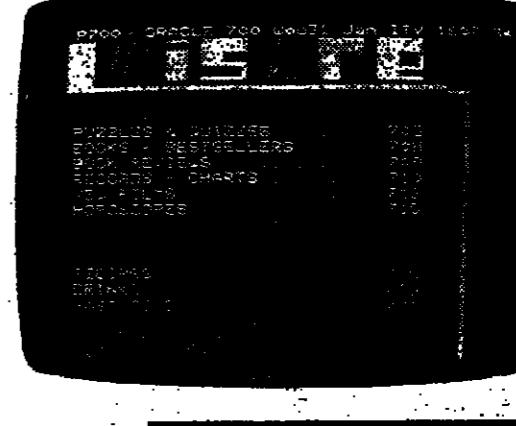
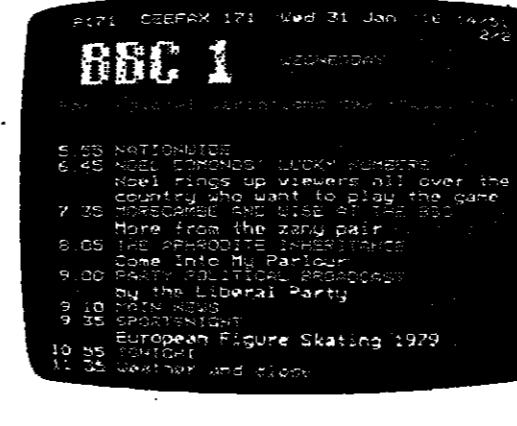
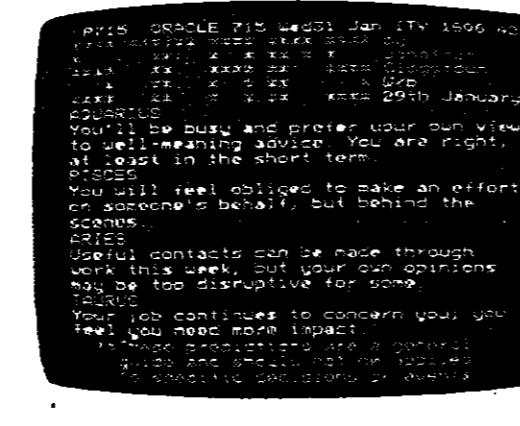
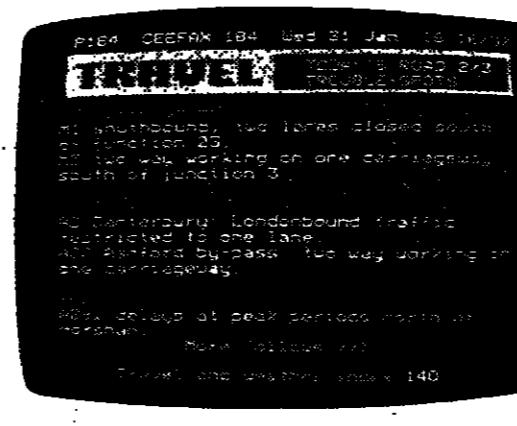
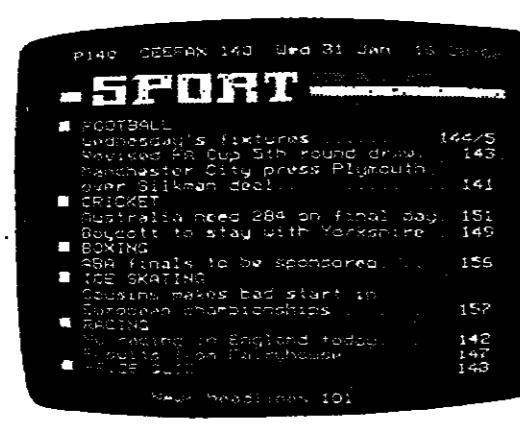
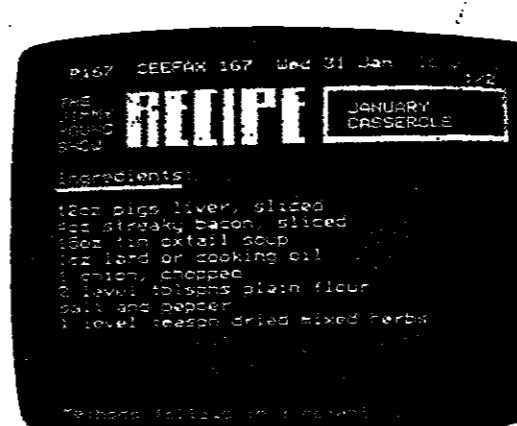
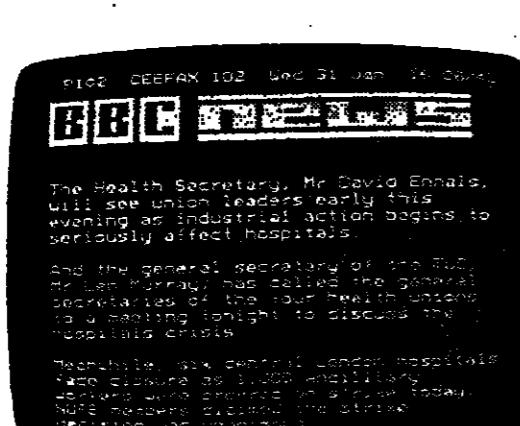
concerned about the cash and labour relations problems involved.

Other than the creation of ITV 2 it is unlikely that there will be any major upheavals in television. The new round of ITV contract awards, which take place over the next 18 months, may produce one or two surprises, but it seems that even the most bloodthirsty televangelists see the IBA axe hanging over only two of the present contractors. What is much more likely is that there will be some tinkering with areas so that the new contracts will not in fact relate to the same geographic franchises as is the case at the moment.

Just as interesting is the growing impact of local radio on the BBC's one-time monopoly of wireless. The Government has now given the go-ahead for a considerable expansion of local commercial radio in Britain and acknowledged the fact that the BBC cannot hope to compete with the rate of this expansion. Already there is a word war between independent local radio and the BBC over

CONTINUED ON NEXT PAGE

PHILIPS



A choice of viewing on the Philips 674.

The Philips 674 is no ordinary television set. It's also a teletext receiver.

This means that the BBC's Ceefax and IBA's Oracle are available at a touch of the remote control unit.

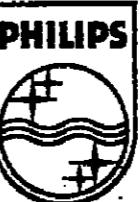
These televised information services provide you with up to the second news, sport, weather reports and financial information.

Or more leisurely items like gardening hints, cookery, and quiz games.

News headlines and the time can even be displayed as subtitles to ordinary programmes.

Naturally, the 674 also gives marvellous reception of BBC1, BBC2, and ITV on its 26" screen and there's also the Philips 666, a 22" Teletext receiver, available.

So whatever you choose to watch, there's no better choice than Philips.



Simply years ahead.

HOME ENTERTAINMENT III

Television realises its potential

OVER THE PAST decade television has established itself firmly as one of the most important entertainment media.

There is a television set in almost every home in Britain and only the U.S. outnumbers the UK in the number of sets per household.

It seems logical then that any development in home entertainment should be centred on television receivers since they are so numerous. Today, the addition of a small electronic unit plugged into the aerial socket can turn the screen into a tennis court, football ground or the stage for an inter-galactic space war.

When the first video or television games appeared about five years ago they were direct imitations of amusement arcade games and were very limited in repertoire, being variations on bat and ball games.

Now manufacturers have realised that more sophisticated games are required to maintain sales and have been introducing the idea of programmable games. Semi-conductor companies such as General Instrument, Micro-electronics and Texas Instruments and game makers like the British company Videomaster, owned by Wedgwood's, and the U.S. Magnavox, part of the European Philips group, are involved with this type of game.

Programmable games consist of a basic unit into which different cassette games can be plugged, allowing the players to add extra games to their collections with little added cost.

However, video games are still a relatively small part of the home entertainment market and are still not as prevalent in Britain at least, as manufacturers had hoped.

Video

One of the most interesting areas of activity at the moment is home video recording systems. Over the last year or so manufacturers of video cassette recorders have been very active in promoting these machines, which record directly from television signals coming into the home.

The problem which held back the market for a long time was the lack of standardised design in video cassette recorders, which meant that cassettes could not be interchanged between machines of different manufacturers.

There has been no final agreement about this but makers seemed to have associated themselves with one of three different designs which are based on machines from Philips, and two Japanese systems—Sony's Betamax and Matsushita's Video Home System.

The major supporter for Philips is another European company, Grundig while Sony claims that Aiwa, Pioneer, Toshiba—all Japanese—and the U.S. Zenith Corporation favour its Betamax system.

Matsushita's VHS system appears to have considerable support from organisations such as Akai, Hitachi, Mitsubishi, Sanyo and Sharp in Japan (as well as its two subsidiaries JVC and Panasonic), RCA in the U.S., and Thorn in Britain.

The war between the three systems is increasing as manufacturers introduce more features to their models to

Worse

Discs and records come under the generic name of videograms and have excited such organisations as MCA, which owns Universal Pictures in the U.S. and EMI in Britain, who are now producing them. Plays, magazine programmes and major films are all appearing on cassettes and discs.

If the video cassette recorder market suffers from a lack of standardisation, disc players are in a worse position since there are even more variations to choose from.

Most of the companies working on recorders are also making disc players. For example one of the most prominent appears to be the Philips optical video disc system which uses digital electronic techniques.

The company believes that since there is no stylus which comes into physical contact with the disc, it has long life, and the method of encoding music digitally—in a binary code—means that the player is more tolerant of surface defects giving consistent sound quality.

But perhaps the most significant development of all in the home entertainment field—which could turn the television receiver into a home computer terminal—is the Post Office's Prestel information system.

Most of the industrialised countries—West Germany, the Netherlands, Switzerland, and organisations in the U.S. such as General Telephone and Electronics—have taken out a licence to use this British invention, which was publicly announced in September 1975 but did not actually "go public" in Britain until March this year.

The Prestel concept is that the television set can be linked via the telephone network to a vast computerised information service. In fact the add-on unit, which allows the television to become what is effectively a computer terminal, even automatically dials the number of the local information computer.

Prestel can provide a news service, weather forecasts and runs a complementary service to the Teletext information service run by the Independent Television Network and the BBC.

Cefax and Oracle, the two teletext services run by the broadcasting companies, are broadcast and received in the same way as normal programmes and that means that there are certain restrictions

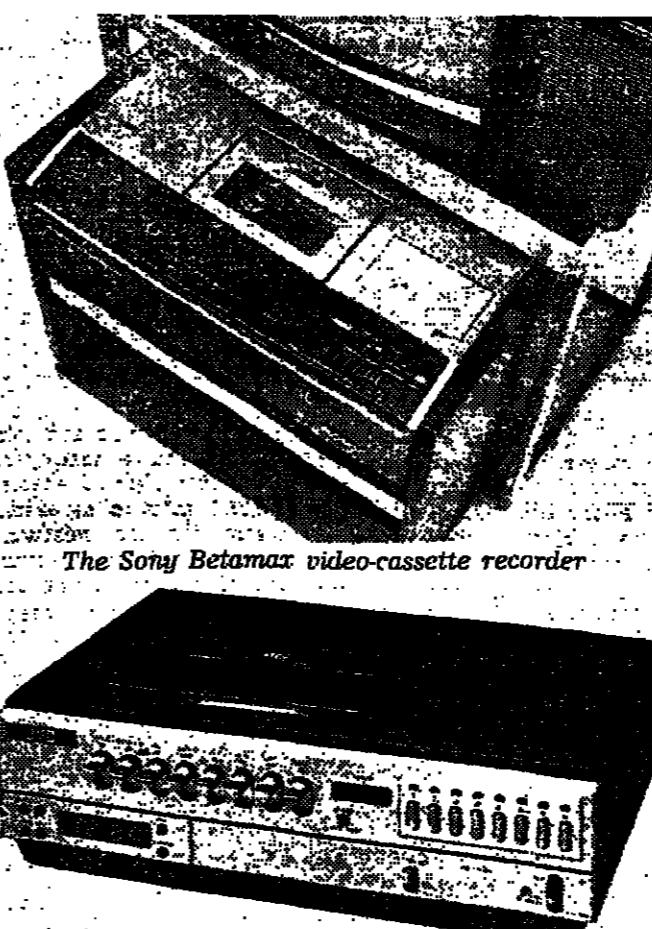
including the amount of information it can provide, which limits its application.

Prestel, on the other hand, has almost endless possibilities, limited only by the size of the computer. At the moment most use of the system is made by businesses, which can afford the rather expensively priced sets up to £1,000.

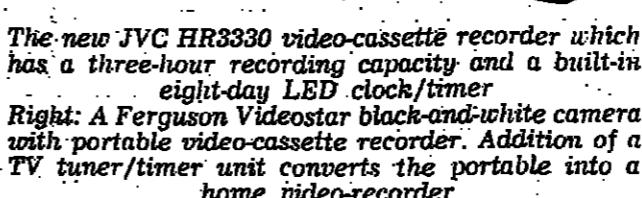
Prestel provides financial guides and publishers use it to produce magazines, as well as advertisers with goods and services for sale. Entertainment and shopping guides are also available. Each user pays for the type and amount of information which he requests on his receiver.

In the future, Prestel could form the basis of an electronic mail system where the local computer could store and deliver messages between receivers.

Since each user has a unique code number and it may be possible for the Prestel computer to be linked directly to other computers—this already happens in the case of the Stock



The Sony Betamax video-cassette recorder



The new JVC HR3330 video-cassette recorder which has a three-hour recording capacity and a built-in eight-day LED clock/timer

Right: A Ferguson Videostar black-and-white camera with portable video-cassette recorder. Addition of a TV tuner/timer unit converts the portable into a home video-recorder

Elaine Williams



Renting Teletext or Prestel from Radio Rentals—like having your own news-agency in your living room.

TELETEXT PRETEL. Two amazing new information services which give you instant access to a whole new world of accurate and up-to-date information and news.

For businessmen particularly, Prestel will be an indispensable tool. In the home, it will be of real benefit to the whole family.

Currently on trial, but expected to be available for rental very soon, it offers a library of over 100,000 pages. Already they can let you in on topics like current share prices. Developments in markets from Tyne Tees to Tokyo. Prices of raw materials. Market shares of rival brands. Technical and legal details. Foreign exchange rates.

And a host of other vital data—with more pages being added to the central bank all the time.

But Teletext and Prestel are of general interest, too, with pages of information on subjects from gardening to holiday availability

to food prices to career data to train times to racing results and even classified ads.

You are already able to place orders via Prestel for some goods and services advertised on-screen and pay for them by transmitting your credit card number.

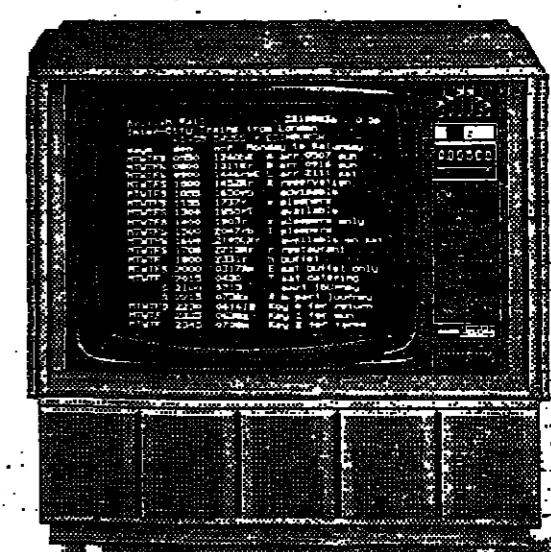
These futuristic sets also, of course, receive all three television programme channels.

Rent Teletext or Prestel from Radio Rentals and you get real peace of mind.

The peace of mind that comes from being able to choose from an attractive range of 22" and 26" Teletext sets now—and, before long, from a range of sets which provide both Prestel and Teletext.

The peace of mind of knowing that Britain's most experienced colour TV service is behind you.

And the peace of mind of knowing that, when later generations of home information



Rent from Radio Rentals—get real peace of mind.

Arthur Sandles

Rent the Philips TV Recorder for £3.95 per week

When it comes to TV recorders, the Philips N1700 VCR has all the advantages you'd expect from the makers of Britain's most popular colour TV.

But perhaps the best thing about it is the convenient way you can have all those advantages simply by renting one from Visionhire.

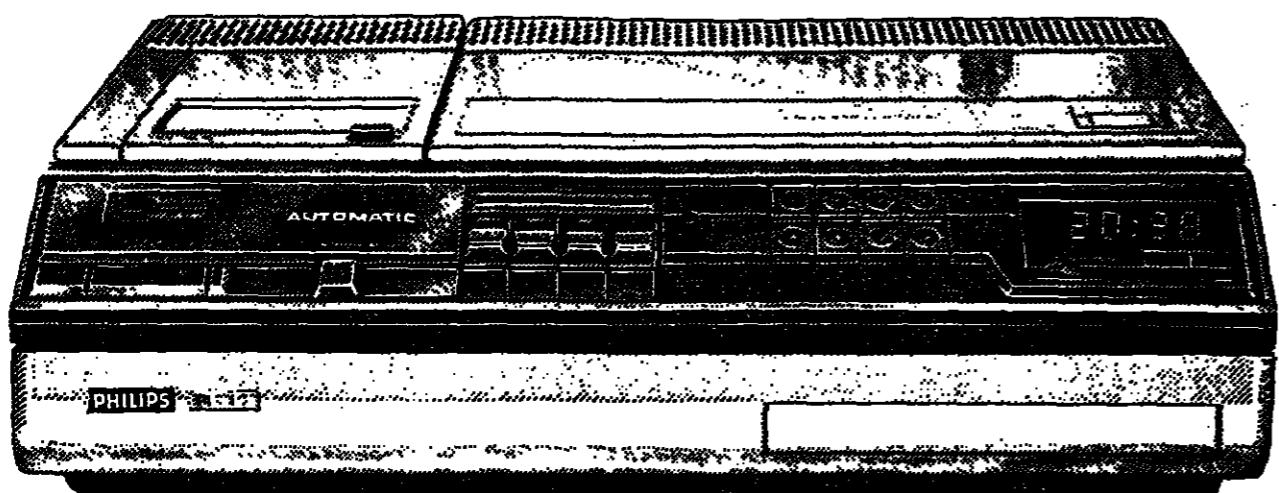
Renting a Philips TV recorder from Visionhire* works out as little as £3.95 per week, if you take advantage of our Year Plan.

Included in the cost of the rental is the peace of mind you'll derive from knowing that Visionhire's renowned high service standards are available to you from over 400 branches round the country.

And the reassurance that Visionhire will explain the Philips TV recorder to you, demonstrate it to you, install it for you.

Plus the option to change it for a new one, should you ever want to, simply and comparatively inexpensively.

One day, most homes will have a TV recorder. Visionhire have made it easy to have one in your own home today.



*Only 6 months advance rental required by law. 1 year minimum contract.
Recording playback of material may require consent see Copyright Act 1956. Also the Performers Protection Act 1958-1972.

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Bring your TV to life with Grandstand - the Number One name in Video Entertainment. Exciting on-screen action to add a new dimension to your television.

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Go computerized with the amazing Grandstand Video Entertainment Computer, a true computer with over 16,000 memories and thousands of game variations. Spitfire, Torpedo, Hangman, Space War, Tank Battle, the Amazing Maze, Blackjack.



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HOME ENTERTAINMENT IV

The complex world of hi-fi

IF THERE is one aspect of hi-fi which deters the novice it is the enthusiasm's apparent addiction to change. Built-in obsolescence seems to have an added dimension when it comes to record players, cassette decks, amplifiers and the like. The determination to make things bigger, better and brighter—and confusingly complex—is a considerable deterrent for anyone making the change from simple stereo to real high fidelity listening.

The industry encourages this hunger for things different. The average piece of hi-fi equipment has a very long life indeed and, without a little technological encouragement, the manufacturers would have thin pickings from a market which simply bought replacements for worn out items. Thus the feverish delight in printing exhaustive lists of technical specifications, lists which show that things have moved just a little bit nearer to perfection in sound—whatever that might be.

The hi-fi business lives on what it loves to call "trading up."

As far as the average buyer is concerned it is a game to avoid, something easier said than done. The dilemma for the commentator is that the improvements are often real enough—record decks today do run truer to speed, cassette units do have more reliable heads, amplifiers do process sound with more accuracy—but the changes are not necessarily of such import as to make the consumer worry about having out-dated equipment in two years time. Occasionally there are such changes, the introduction of Dolby noise reduction on cassette decks was an example, but by and large they are rare. The reality of life for most of us is that the hi-fi is usually hi enough, and it is reliability which is of a greater long-term importance.

And all that was really an apology before moving on to a look at the changes which are in the wind at the moment. For as ever, things are happening which will push the hi-fi frontiers just a little bit further out.

Reducing

The key words in hi-fi at the moment are "micro" and "digital". The first applies to the size of basic equipment, which is suddenly reducing at a remarkable rate while doing the same job, and the second refers to ways to recordings and reproducing sound—changes which might, in decades rather than days, change the way we play music in our homes.

Taking the immediate subject first, the hi-fi buyer today is likely to find that in among the bulky and much-buttoned pieces of gleaming technology in most hi-fi stores there is an increasing number of much smaller units. Most of the major Japanese manufacturers seem now to have micro-systems and by all reports are working on even smaller ones—although clearly there is a limit below which the controls become too small to be convenient.

Further into the future, however, the digital information will be sold to the public in a completely new form of store, probably, but not necessarily, a laser scanned disc system. Inevitably there are enormous internal debates going on within the industry over what system to use. The failure of quadrophony, largely due to



Looking for a bargain in London's Tottenham Court Road

Micro units, about half the public boredom over the inability of manufacturers to agree, has left a great many wounds. For the moment the consumer need not worry about his present equipment being outdated in the foreseeable future.

The one incentive that the industry has for hastening change is that the hi-fi market has been far from buoyant over the past four or five years.

The golden years of Tottenham Court Road have faded a little and made way for a harsh world which is full of high flown promises and price cutting.

Risky

Perhaps as a result of this hi-fi systems do not seem to have grown in price at the same rate as inflation. So wide is the price range that talking in terms of costs is always a risky business, but the average consumer who simply wants a respectable and reliable system that will play his records and tapes to a reasonable standard will find that £300-£500 will go a very long way. For basics you will need a turntable and cartridge which will cost say £70-£100. An amplifier will cost say £100, or a receiver (which is an amplifier with its own stereo radio) can be had for around £150-£200. Speakers will cost £120-£170, and a cassette deck could be included for about £150.

If you have a lot of space you may need a bigger amplifier and bigger speakers than these price tags will provide. But, at the risk of upsetting the real buffs, in my book to pay more than those prices puts you into the realms of an enthusiast, and to pay much less consigns you to the ranks of "mid-fi".

If money is not a consideration and you simply want the best, be ready to part with considerably more than £1,000.

Fortunately for the buyer there is a great deal of helpful information around. Few businesses are as well supplied with magazines as hi-fi and an investment of even a few pounds on buying this month's selection before walking into a store is well worth it. Such is price cutting today that the bargains to be had are remarkable. Check first, however, on servicing. Some discount outlets simply do not want to know if a piece of equipment starts giving trouble.

Right at the opposite end of the spectrum there has now grown up an increasing number of hi-fi consultants—not much question of barebone prices here, but certainly a great deal of useful assistance and advice and the design of a system which will work well in your home.

There is, however, one danger in seeking advice or reading too many magazines. Hi-fi is addictive. If you think Which? magazine is confusing because it soon tells you every piece of domestic equipment has some minus points about it, wait for some alarming news from the hi-fi commentators. Before you know where you are you too will be looking for dull mid-tones, worrying about crossover and expressing concern about the drivability of your speakers. Me, I'm already worrying about whether or not metal cassette tapes are going to outdate my own cracking system—but that's another story.

Arthur Sandies

Live music makes a comeback

THE BRITISH are a musical race. There are around 2.2m pianos in the country and over 3m people can play to an unspecified standard. Most of the pianos are of the family heirloom variety and are probably around the pub, and professional engagements. Its addicts tend to trade up constantly to more costly models with extra refinements. The popularity of the organ is underlined and encouraged by the success of the Yamaha Schools, of which 16 are in operation with another four planned by the end of the year. The schools teach novices to play the organ and are effective enough to convert 80 per cent of trainees into purchases of organs: Yamaha models naturally. The company supervises the operation, which is run at a local level by its dealers, and experts try to ensure that participants get their £30 worth for their 12 lessons.

But if the UK piano sales are valed at £25m a year and increasing gently, electronic organs are a buoyant business. There are over 200,000 practitioners at the organ and sales could be a third higher this year at a value of £50m. All other musical instruments, together with guitars, are the most prominent, have a turnover of almost £40m.

It is the organ which is making the running. Unfortunately virtually all the organs sold in the UK are imported, with the Japanese Yamaha market leader with sales approaching £10m, followed by the American manufacturers Hammond and Lowry and Farfisa of Italy. Most organs are in the £500-£2,000 range, but Yamaha's most popular model, at £1,945 is at the higher end of the bracket, and each year it sells a dozen of its top notch line at £51,111.

These go to the serious professionals, but undoubtedly many organs are sold to the aspiring groups which have mushroomed by the thousand—or by the 50,000 if some

estimates can be believed—around the country. The organ's comprehensive sound is ideal for small ensembles. Unlike the piano it's popularity is not so much based around the home as around the pub, and professional engagements. Its addicts tend to trade up constantly to more costly models with extra refinements.

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musical qualities, which are virtually non-existent, but because they are very fine pieces of furniture. At the moment furniture dealers are suspicious of them, while buyers of old instruments are aware of the costs of reconditioning. For anyone wanting an antique that could be a prize musical toy, 19th century pianos can be an enticing opportunity.

For those who find learning to play the piano something of an ordeal, the pianorecorder has just been launched in the US after a successful three-year introduction in the U.S. This is a programmed piano which plays itself, not only useful for background sound when the professional pianist wants to take a break, but also for the novice who would like to know what it feels like to play like a master. One added attraction of the pianorecorder is that it can be used in instruction—learners can immediately discover by playing back the tape where they are going wrong.

So musical instruments are enjoying a 'revival'. Demand may be sluggish for guitars and other portable instruments, but even here, thanks to the missionary work of schools, many more children are playing a musical instrument, and a wide variety of instruments, than ever before. As for pianos the UK is a busy exporter to Europe, and homes that would never have made welcome a piano are now resounding to the electronic chords of the organ.

Antony Thorncroft



OF 216 150

Isuzu sees gain on last year's record

BY TERRY DODSWORTH IN PARIS

TOKYO—Isuzu Motors said that it expects profit before-tax and special items for the current business year, ending October 31 to increase slightly to a record Y25.5bn (\$1.13m), from the high of Y25.25bn last year.

The rise, it said, would stem from increased domestic truck and car sales and increased export profitability. Total vehicle sales this year would rise to 420,000 from 387,000 last year.

Sales for the year would rise to a record Y650bn (\$2.9bn), from Y572.3bn.

The company declined to estimate after-tax profit for this year. Last year it reported a record after-tax profit of Y13.43bn.

Profit before tax and special items next year is expected to fall to about Y20.8bn because of an increased interest burden, capital outlays on plant and equipment and a decline in domestic demand for large trucks.

Reuter

Engineering venture

TOKYO—A Japanese shipbuilding and engineering consortium has established an engineering company in Singapore, Hitachi Shipbuilding and Engineering Company, announced.

Concerns belonging to the consortium, apart from Hitachi Shipbuilding, the leader, are Hitachi Zosen Engineering Company, a subsidiary of the leader, and Hitachi Zosen Robin Dockyard (Pte), a joint-venture between Hitachi Shipbuilding and Robin Dockyard in Singapore.

The newly established company, Hitachi Zosen Engineering Singapore (Pte), will handle engineering services for petrochemical and oil refining plants.

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COMMODITIES/REVIEW OF THE WEEK

Silver 'fever' reaches a new pitch

BY OUR COMMODITIES STAFF

SILVER and gold continued to dominate the metal markets this week. The unprecedented movements in silver overshadowed all the other markets.

Yesterday silver fell back but still ended the week substantially higher. The London bullion spot quotation at the morning fixing yesterday was cut by 110-p to 651p an ounce. This was 54.7p higher on the week, but at one stage the fixing reached \$30.5p an ounce after a rise of over 200p on Tuesday.

There were similar, although slightly less violent, fluctuations on the London Metal Exchange last

First interim by Paribas suggests profit growth

BY TERRY DODSWORTH IN PARIS

PARIBAS, the French banking group, has for the first time produced consolidated half year figures, dealing with the six months ended June this year. They indicate further progress in the group's activities, with pre-tax profits reaching FF 326m (\$7.6m) for the half-year, compared with FF 373m for the whole of 1978.

Profits of the parent company amounted to FF 264m against FF 455m for the twelve months of last year. On a strictly comparable basis the profits of the company have risen by 13.7 per cent, against the same six month period last year.

Some 73,000 new shares have been created since the beginning of the year following the obligatory conversion of certain rights, the bank says. Profits per share have risen by 12.8

per cent to FF 18.90. This is calculated on the basis of combining this year's half year figure to half of the profits per share for the whole of 1978.

The group now calculates its total value at FF 9.4bn not counting its commercial funds.

The parent company's share after deducting minority interests amounts to FF 6.55bn against FF 5.98bn at the end of last year. This corresponds to FF 4.60 per share compared with FF 4.30.

CHARGEURS REUNIS, the French shipping and transport company, is raising FF 7.6m (\$1.74m) in a rights issue which will give shareholders one new share for five. The nominal FF 120 shares will be issued at a price of FF 200, raising the capital of the company from

FFr 224m to FF 269m.

In a separate move, timed for the same period, the company is aiming to raise the nominal value of its shares, including the news issues from FF 120 to FF 150. This will further increase capital to FF 33m on the basis of the 1.9m old shares in issue and the 373,000 new ones.

STEEL PIPE producer Societe Vallourec, reports a first-half profit of FF 11.75m (\$2.825m) before depreciation allowances, up from FF 8.41m a year earlier. Depreciation totalled FF 11.48m, leaving a net profit of FF 2.6m, compared with a loss of FF 9.8m in the first half of 1978.

Turnover in the six months was FF 2.7bn, an increase of 6.2 per cent.

Volker Stevin lowers forecast

BY CHARLES BACHELOR IN AMSTERDAM

VOLKER STEVIN (VS), the Dutch construction and dredging group, has revised downwards its profit forecast for the current year. Against earlier forecasts of maintained earnings, the company now says that net profits in 1979 will be lower than last year.

On the basis of the company's performance in the first six months it expects a net 1979 profit of just over Fl 50m (\$40m) compared with Fl 85.5m last year. Sales are expected to total Fl 2.7bn against Fl 2.85bn.

The profit forecast takes into account the group's 40 per cent stake in the operating and winding-up losses of the Netherlands Offshore Company. This has already been partly provided for in the past by a lower valuation of the shareholding of VS.

As for actual orders, these are now more than 10 per cent bigger than the level seen at the start of the year at Fl 2.8bn. VS recently announced new orders worth Fl 375m from Europe, Africa, the Middle East and Brazil.

In contrast another shareholder in Netherlands Offshore Company, Dredging and Construction group, Bos Kalis Westminster expects to achieve a net profit of more than Fl 60m (\$30.8m) for 1979 compared with Fl 50.5m. This takes into account its share in the operating loss of NOC which

amounts to about Fl 20m but does not include some Fl 45m of exceptional losses resulting from the disposal of the assets of NOC.

Bos Kalis expects turnover on completed contracts to rise to Fl 1.7bn this year from Fl 1.5bn in 1978. Its order book was Fl 2.7bn in July, unchanged on the position at the end of 1978.

After-tax profit in the first period of 1979 fell at Fl 23.4m from Fl 23.8m in the same period last year while turnover rose to Fl 760m from Fl 650m. These figures reflect on a proportional basis, a number of long-term contracts which will be completed in the second half of the year. Trading profit rose sharply to Fl 72.5m from

Fl 42.7m.

The contrast between the performance at the after-tax and trading levels is explained by an increase in interest charges by Fl 6.1m to Fl 19.2m. Extraordinary income fell to Fl 2.6m from Fl 8.4m.

The share in the losses of associated companies rose to Fl 21.4m from Fl 3.8m, due largely to the operating losses of NOC, the assets of which are being transferred to Oceanic Inc, a subsidiary of J. Ray McDermott.

The tax charge was slightly higher at Fl 11.1m compared with Fl 10.4m. Investment in fixed assets amounted to Fl 60m compared with Fl 130m last year.

Various state governments

are also concerned that a merger would mean the closing of marginal plants and create unemployment. To keep a financial say in the merger, Bremen has bought control of a holding company that owns 26.4 per cent of VFW while Bavaria and Hamburg between them have 43 per cent of MBE. This, too, has been an inhibiting factor in the talks.

A further complication is the apparent reluctance of the Dutch Fokker shareholders to sanction the split with VFW now that the performance of VFW is improving.

MBE is now clearly indicating to Bonn that it should put pressure on VFW-Fokker, both to ensure that a split goes ahead and to make certain that the financial restructuring is carried out satisfactorily.

Non-life premium income is expected to increase by 8 per cent to Skr 5.25m (\$1.26bn), with Skr 2.8bn of this emanating from international business.

This year's premium income for life and health insurance will rise by 18 per cent to Skr 1.4bn, while

in 1978. Earnings from domestic insurance is expected to drop from Skr 209m to Skr 200m, and international insurance earnings will increase from Skr 54m to Skr 60m. Skandia believes.

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This year's premium income for life and health insurance will rise by 18 per cent to Skr 1.4bn,

Skandia expects upturn

BY VICTOR KAYFETZ IN STOCKHOLM

SKANDIA, the Swedish insurance company, believes its 1979 earnings on non-life business will total about Skr 530m (\$127m), compared with Skr 460m last year. In April the company forecast a slight decline to Skr 450m for the current year.

The autumn report predicts that Skr 270m of this projected profit will come from capital management, against Skr 206m

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What are the Bellefonte Companies?

Bellefonte Financial Corporation* (The Bellefonte Companies)
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Bellefonte Underwriters Insurance Company
Compass Insurance Company
Compagnie Européenne de Réassurances
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Organizationally, they are nine companies that support three distinct operating divisions—Insurance, Reinsurance and International. Each operating division has its own management team, its own special capabilities and its own unique position in the market place.

Individually, the nine companies are subsidiaries or affiliates of Bellefonte Financial Corporation. This structure provides considerable flexibility. The three operating divisions are able to conduct licensed surplus lines and reinsurance business, serving a wide variety of United States and international insurance markets.

*Bellefonte Financial Corporation

Bellefonte Financial Corporation (BFC) is a holding company for the subsidiaries and affiliates that comprise the Bellefonte Companies. BFC is a subsidiary of Armc Financial Services Corporation which is a holding company for all of Armc Inc's financial service businesses.

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Nearly \$50,000,000 has been invested in Bellefonte since 1969 when Armc expanded its captive operation. Bellefonte's total assets have grown to \$523,238,000 with shareholder's equity of \$87,198,000.

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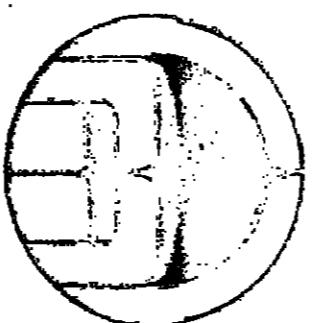
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Clarence Hatry, the young British wheeler dealer, whose spectacular collapse marked the beginning of capitalism's gravest ever crisis

The first great crash of '29

By WILLIAM HALL



Clarence Hatry—the financier whose downfall led to the loss of £150m in today's money and a 14-year jail sentence.

IT WAS fifty years ago this week that the City of London heard to its horror that the empire of a young wheeler-dealer, Clarence Hatry, had collapsed. The Times rather stuffily concluded that "the deplored affair" was of "no international significance." But many still believe that Hatry's spectacular collapse here in Britain (he paid for his own taxi and quaffed champagne on the way to jail) was one of the key events that shook confidence on Wall Street and helped to precipitate the Great Crash of 1929.

Hatry was one of those curiously un-English figures with whom the English periodically find themselves unable to cope," was how J. K. Galbraith summed him up in his book on the Great Crash. Hatry had lost a fortune in the early 1920s when many of his schemes had flopped spectacularly, but by 1927 he was back on his feet and being hailed as Britain's leading financier.

At the height of his career between 1927 and 1929 he controlled a dozen new companies and his schemes ranged from marketing coin-in-the-slot photographic kiosks to reorganising the entire British steel industry.

His activities epitomised the boom mentality gripping both the British and American stock markets at this time. So when Hatry collapsed in 1929 with losses of £150m in today's money the stock market faced its worst crisis of confidence in living memory and the shock waves reverberated across the Atlantic. Wall Street in particular had reached such a level of speculative activity that it was extremely vulnerable.

Deadly spark

London and the Continental bourses of Amsterdam, Paris and Berlin had already been badly hit. Share prices were falling and the fear was that Hatry's collapse would spark off other major financial collapses which would spread to other stock exchanges around the world where there was a heavy British influence, such as Toronto and Johannesburg. In turn this would have spilled over into the New York market.

Although only 40 years old, Hatry lived expensively. He had a large house off Park Lane with its own swimming pool on the second floor and a pub in the cellar for the staff. After dinner he was sometimes to be found strolling along the Thames Embankment giving away £5 notes to tramps. He owned a string of race horses, a manor house in Sussex and the world's largest racing yacht, which required a permanent crew of 40, including two chefs, to staff her. He liked to entertain celebrities like the author Arnold Bennett.

Despite these luxurious trapings Hatry worked extremely hard, putting in a 15 hour day, seven days a week, on occasions. Some of the schemes he hatched were well founded. His Drapery and General Investment Trust formed in 1927 survived to become part of Debenham's and Allied Ironfounders (a merger of several cast iron founders in 1929) was eventually absorbed into Glynwed in 1969. But like a number of self-made millionaires his ambitions outgrew both his ability and his resources and when the Hatry group of companies finally collapsed on September 20, 1929, the news rocked the Stock Exchange.

The immediate reaction of the Stock Exchange was to take the dramatic step of suspending dealings in half a dozen quoted Harry satellites and even worse it suspended trading in one of Wakefield Corporation's stocks which one of Hatry's companies

had recently sponsored. As local authority issues were ranked virtually on par with gilt-edged issues this last move underlined the extent of what was one of the gravest crises in the history of the Stock Exchange.

It took months for the authorities to sort out what had happened and at the end of the day Hatry had run up losses of £13.5m. In today's money this is the equivalent of £150m. Hatry was eventually sentenced to 14 years in prison for what the judge termed "the most appalling frauds that have ever disfigured the commercial reputation of this country."

Looking back upon the Hatry collapse one is impressed by his nerve and the scale of his ambitions. The key company in Hatry's empire was the Austin Friars Trust which was formed in May 1927, and around which many of Hatry's other satellites revolved. At Hatry's trial, Sir Gilbert Garret, the eminent partner of Price Waterhouse commissioned to investigate the affairs of the group, concluded that the Austin Friars Trust had been "insolvent from the start."

In addition, it had never issued a balance sheet and had never had an annual general meeting.

Yet the principal assets of many of Hatry's quoted companies such as Corporation and General Securities and Oak Investment Corporation, were loans to Austin Friars Trust. Another of Hatry's public companies, Retail Trade Securities, was, according to Sir Gilbert, "hopelessly insolvent" and its main purpose in life was to buy companies from one bit of the Hatry empire and sell them to another.

It is easy to get sidetracked by the sordid details of Hatry's financial empire but to understand properly why Hatry collapsed, it is necessary to look back at Hatry's early career.

Born in 1889, he went to school at St. Paul's and by his early twenties was well established in the City. He was very active in the post-war boom as a company promoter and his Commercial Bank of London set itself up in impressive premises on the corner of King William Street and Gracechurch Street.

However, the bank went into liquidation in 1923 and many of his other early ventures dropped.

But these "little" local difficulties did not deter Clarence Hatry. He bounced back and his launching of the Drapery and General Investment Trust at the end of 1925 did much to restore his fortunes. After that the deals came thick and fast. Towards the end of the next year he set up Corporation and General Securities and broke into the lucrative market of sponsoring local authority issues.

By a combination of aggressive advertising and undercutting the established brokers, he quickly came to dominate the market and in the space of the next 18 months sponsored some 37 issues raising £37.5m (over £400m at current prices) for local authorities up and down

Britain. Such was his success hunting for extra funds. His first port of call was merchant bankers Montagu Samuel, which had backed some of his earlier deals, but after some initial enthusiasm they backed out (Haty claimed they reneged on their agreement).

Haty was by now getting desperate and attempts to raise money on Wall Street and the Continent failed. It was against this background that Hatry and his associates met on Sunday June 23 and hatched their fraud. There are different versions of what happened at this meeting but according to one version one of Hatry's lieutenants, an excitable Italian named John Galdini, threatened to blow his own brains out unless Hatry went ahead and raised the money by issuing fraudulent local authority stock. Galdini's suicide would have been a tremendous blow to City confidence in Harry group shares which Hatry was already supporting clandestinely in the market.

So Hatry and his men went ahead with what the judge at the subsequent trial called "wholesale forgeries" of spurious securities in trustee stocks, which neither banker nor broker nor any member of the public would dream of suspecting to be otherwise than genuine." The rest is a matter of history. The shares in Harry group companies started to collapse in mid-September and after a vain attempt to secure the help of the Bank of England, Hatry gave himself up and Galdini fled the country.

The Thomson Organisation Limited

INTERIM STATEMENT

The unaudited results of the group for the half year to 30 June 1979 with comparative figures are as follows:

	Half year to 30 June	
1979	1978	
£'000	£'000	
Turnover	190,515	177,510
Trading (loss) profit	(3,523)	15,885
Interest	(747)	(1,565)
Associated companies	4,270	14,320
(Loss) profit before taxation	(3,442)	15,070
Taxation	1,207	(8,553)
Minority interest	(2,238)	6,717
(279)	(466)	
Preference dividends	(2,514)	6,251
Attributable to ordinary shareholders	(2,998)	5,767

Publication of The Times, its supplements and the Sunday Times was suspended on 30 November 1978 and has not yet been resumed pending a satisfactory outcome of negotiations about future methods of operation. The costs during the period of suspension in the half year to 30 June 1979 amounted to approximately £17.3 million and are included in determining trading profit.

Taxation has been provided in both periods on a full deferral basis. Any adjustments for both current and prior periods following the application of the UK accounting standard "Accounting for deferred taxation" will be made in the 1979 annual accounts.

The whole of the issued ordinary share capital of The Thomson Organisation Limited (TTO) is owned directly or indirectly by International Thomson Organisation Limited. This advertisement appears for the information of the preference shareholders and the holders of the debenture stocks and unsecured loan stock of TTO.

21 September 1979

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Hall Engineering (Holdings) Limited

Interim Dividend on Ordinary Shares

The unaudited results of the Group for the six months ended 30th June, 1979, are as follows:

	First half 1979 £'000's	First half 1978 £'000's	Full year 1978 £'000's
Turnover	47,974	33,371	77,618
Profit before taxation	2,880	2,250	5,250
Taxation	1,498	1,170	2,678
	1,382	1,080	2,572
Preference dividend paid	32	32	64
Earnings per Ordinary Share: Basic	11.23p	8.73p	20.90p
Diluted	9.89p	7.78p	18.47p

Following the removal of Government restraints your Directors intend adopting a policy of distributing a higher proportion of the Company's annual earnings and have declared an interim dividend of 8.1p per Ordinary Share which will absorb £374,500 (1978—2.471p per share which absorbed £297,000).

The interim dividend will be paid on 9th November, 1979, to Shareholders on the Register at the close of business on 19th October, 1979.

During the first half of the year 10.4% Convertible Unsecured Loan Stock 1992/97 was converted into 76,338 Ordinary Shares of 50p each.

Hall Engineering (Holdings) Ltd., Harlescott Lane, Shrewsbury SY1 3AS.

JP 31/1/79

BOOKS

Making tracks

BY C. P. SNOW

The Old Patagonian Express, by Paul Theroux. Hamish Hamilton, £7.95. 339 pages

Mr. Paul Theroux, at that time a resident of Medford, Massachusetts, decided that it was desirable to travel through the Americas continent down to the tip of South America. Desirable, because he had an addiction for travel. How should this trip be done? By train, of course, since he had an equal addiction for railways.

This second choice might seem slightly eccentric. There are several ways of moving through the Americas, but railways are probably the most changeable and certainly the least comfortable. That didn't matter. This was Theroux's taste. He reminds one a little of a character in Cambridge mythology (the character had some, though tenuous, basis in fact) who used to announce: "as for me, I never drink anything but very old brandy." Hence, in some circles, "old brandy" came to be used as an adjectival phrase, denoting a loquacious kind of eccentricity. Preferring to travel by train in Latin America is an old brandy taste. Theroux is a distinctly old brandy character.

He started at South Station, Boston, and, in due course (interminably, of course, for most travellers) arrived at Esquel. Esquel was the terminus he had settled on from the beginning. It is a little station town in Patagonia, which no one, but Theroux is likely to have heard of. It has nothing to recommend it. Addiction temporarily satisfied, Theroux returned north by air to Medford, Massachusetts, which didn't take so long.

The result of this pilgrimage is *The Old Patagonian Express*, one of the most entrancing travel books written in our

time. Travel literature in English is very rich, the work has been notable for the difficulty, or the exploratory significance, of the enterprise—in Polar expeditions, or trips across the Empty Quarter of Arabia. No one, least of all Theroux, would consider that going to Patagonia by train would discover much new geographical information, or would excite anyone by its dangers (though it had some). This book belongs to the second class of travel literature, which depends for its significance on something quite different, that is, the mind and personality of the writer.

Menzel, who said some very wise things about novels, remarked once that that in the long run, is what we read novels for. It is certainly what we read books like *The Old Patagonian Express* for. It is that quality which makes the book stand high among its own kind. Theroux uses an epigraph from R. L. Stevenson. The comparison between Stevenson's work and Theroux's in this particular genre wouldn't show Theroux at any disadvantage.

He has, as he proved already in two previous books, *The Great Railway Bazaar* and *By Train Through Asia*, admirable equipment for this kind of art. He is unusually stoical, probably in physique, certainly in temperament. He is extremely observant, and is at the same time a born solitary. He doesn't really need company, and becomes liberated when away from it. Travel is this is not a new discovery—one of the best escapes from other's feelings and one's own. He is abnormally self-sufficient. Give him Boswell to read, put him in a train going through wastelands at 20 mph, provide him with enough food for minimum subsistence, and he can survive with a cheerful and tranquil spirit, to the ends of the earth.

LONDON STOCK EXCHANGE

Gilts strengthen and short tap re-activated late Equities end Account slightly firmer on bear covering

Account Dealing Dates

Option
First Declara Last Account Dealings tions Day Sep. 10 Sep. 20 Sep. 21 Oct. 1 Sep. 24 Oct. 4 Oct. 5 Oct. 15 Oct. 8 Oct. 18 Oct. 19 Oct. 29
" New time " dealings may take place from 9.30 am two business days earlier.

A good rally in Government stocks and a steadier tone in equities yesterday marked the end of a trading Account dominated by currency doubts, industrial unrest and worries about the economic outlook. Gilts-edged securities waned to yesterday's early flourish in sterling and opened with gains extending to 1% which were furthered to 1% as a revived small investment demand exerted pressure on dealers' short positions.

Interest soon faded and quotations began to ease from the best as the market drifted idly in subsequent trade. Just prior to the close, however, the Government broker rekindled interest by unexpectedly activating the short tap stock Exchequer 11% per cent 1982 by accepting a bid of 95.5, causing the issue price to rise 5 weeks ago of 97.40.

His action temporarily non-plussed the market. It had earlier been rumoured that two of the larger broking houses were advising clients of a favourable outlook for the short end of

the market, although there was talk that the GB's move might have been no more than a smoothing operation designed to relieve pressure on short trading positions.

Business after the official close mainly comprised inquiries with little actual trade being completed, but both ends of the market remained basically firm, a tendency which augered well for Monday's trading. The longs were finally up to 1% better on the day, while the shorts closed with gains to 1% after 1%.

The national engineering dispute continued to inhibit the equity sectors but end-Account bear closing in the early trade produced a firmer trend which generally held throughout the session. New-time interest for the Account beginning on Monday was sparse and the general investment support still almost non-existent, leading shares eventually drifted away from the best. The FT 30-share index, as a result, shed part of a gain of 3.2 at 11 am to end a net 2.2 firmer at 960.2, up 10.2% on 13.2 on the Account.

Most Chinese stocks eased as recent enthusiasm subsided; the latest was the Tientsin Pukow 5 per cent 1910 English issue which gained six points to £1 on demand based on its rarity value.

Late institutional support lifted rates for investment

currency which earlier had tended to fluctuate only narrowly in a well balanced trade. At the close, the premium was 3 point higher on the day at 3% per cent. Yesterday's SE conversion factor was 0.9043 (0.9054).

The recent quiet trend in traded options continued with a total of 380 contracts recorded for a week's daily average of 313. Among the more active issues was EP, 85 deuts and ICI 79.

Standard down

Rumours that the group's UK bullion subsidiary, Mocatta and Goldsmith, is in financial difficulties as a result of the recent highly volatile state of the gold and silver markets, brought nervous selling pressure to bear on Standard Chartered which fell to 46p, before a denial from M. and G. prompted a late rally which left the shares 1% down on balance at 47p.

Midland, which stands at 16 per cent state in Standard, lost 10 to 36p in sympathy. Elsewhere in banks, Schroders were lowered to 49p in a thin market, while H.M. Samuel Warrants retrieved 5 to 85p but still sustained a fall of 20 on the week.

Further buying ahead of Thursday's interim results helped Hambros Life put on 4 more to 138p in Insurances. Similar improvements were seen in General Accident, 22p, and Royal, 35p, both recovering from a recent dip. Both closed a little better. Revived bid hopes prompted a rally of 10 to 310p in Decca, with the "A" 7 firm at 275p. Racal improved 6 to 240p, while Unitec, following the encouraging tenor of the chairman's statement at the annual meeting, hardened 2 to 30p. MECO Electronics remained the sole market at 24p, down 5, while Korda eased 3 more to 247p.

Overshadowed by the industry's dispute, Engineering shares lost further ground. GKN, which gained 5 on Thursday following the interim results, reacted 4 to 28p. John Brown eased a penny further to 70p, while Hawker, 170p, and Tubes, 28p, both shaded a few pence.

Breweries plotted an irregular course in a quiet business, the leaders fluctuated around the previous day's closing levels. Among distilleries, Irish shed 3 at 87p but, ahead of Tuesday's half-time statement, Tomatin rose a couple of pence to 191p. Among the more speculative counters, Sandeman closed a penny lower at 75p for a loss on the week of 12 on selling by loose holders.

The forecast of significantly lower profits for the year continued to depress Tilbury Contracting which fell 8 for a drop of 63 to 257p on the week. Elsewhere in the Building sector, the fall in half-yearly profits prompted weakness in Manders, down 10 at 156p, while Leyland Paint eased a penny more to 51p for a drop of 25 on the week. British Sugar added 2 to 163p following publicity given to a broker's bullish circular, while Tate and Lyle rose 4 to 145p. Marks & Spencer closed 14 up at 181p, while press comment lifted Brooke Bond a fraction at 44p.

Induced harder at the start, ICI drifted back to close a penny easier on balance at 348p. Among other Chemical issues,

Laporte closed only a penny off at 129p following interim results in line with market expectations.

B. Paradise slump

B. Paradise became prominent dull feature in Stores, falling 7 to 179p low of 10p on the near £17,000 profit-tax loss for the year and the accompanying gloomy statement regarding future prospects. Liberty, reflecting the interim profits setback, lost 10 to 180p. Apart from Burton A, which softened 2 to 272p, the leaders edged forward on technical influences. Marks and Spencer picked up 2 to 102p as did Gossies A, to 322p. In Shoes, Wards, White, softened 2 to 88p following the first-half figures.

Electricals traded on a steadier note after the previous day's setback. GEC fluctuated narrowly before settling without alteration at 370p, while EMI, 90p, and Thorn, 410p, both closed a little better.

Revived bid hopes prompted a rally of 10 to 310p in Decca, with the "A" 7 firm at 275p. Racal improved 6 to 240p, while Unitec, following the encouraging tenor of the chairman's statement at the annual meeting, hardened 2 to 30p. MECO Electronics remained the sole market at 24p, down 5, while Korda eased 3 more to 247p.

In mixed Leisure issues, Mann featured with a gain of 9 to 147p following a revival of recent speculative demand. Pleasure, 163p, and Barr and Wallace, 180p, fell 3 and 3 respectively.

Motors ended the Account on a quiet note. Harold Perry was re-appointed to the board, and the new chairman, Mr. Dennis Randolph as chairman of the company saw Wilkinson Match fall to 179p following 7 down on balance at 140p. The increased first-half loss clipped 2 from E.C. Cases at 11p, while Dobson Park lost a like amount to 88p following adverse comment from the reduced interim profit prompted a reaction of 2 to 39p in Brown Boveri Kent but was Lamco, 272p. News that the company has acquired an exploration interest in the Northern Territory portion of the Timor Sea prompted a gain of 10 to 245p in South Petrofum, while National Carbonising firmed 9 to 91p in sympathy. Gulf Stream Resources reacted smartly to 135p following the previous day's burst of speculative activity before rallying to close 80 down on balance at 170p.

Apart from a fresh rise of 15 to 245p in James Fisher in response to Press mention, little else of note transpired in Shipping.

Golds nervous

The South African gold share market remained nervous and volatile all week as the bullion price shot up from a starting \$345 to an all-time peak of \$385.50 on Thursday before easing back yesterday to close at \$369.00 an ounce, down \$16 on the day but \$245.25 on the week.

Gold miners were well supported early on in the week but the market began to run out of steam.

New International added 2 to 160p, Liverpool Daily Post and Echo, still benefiting from Tuesday's interim statement, put on 10 for a two-day gain of 7 at 132p, but A. and C. Black continued to hold steady after being marked down initially following fairly aggressive overnight profit-taking in the U.S.

The Gold Mines index dipped 1.2, reducing the week's gain to 5.1 while a 1.3 fall left the ex-premium index 3.8 up over the five-day period.

Among heavyweights, losses of

were widespread with Hartbeest and Val Reefs that amount lower at 515 and 518 respectively. Some firm spots in the cheaper-priced issues included South African Land, which advanced 15 to a 179p high of 151p.

Rhodesians turned easier after the sharp gains recorded on Thursday when reports indicated that the Lancaster House delegates were close to total agree-

ment on a new constitution for Rhodesia.

Falcon Mines relinquished 10 to 370p but were still 40 higher on the week reflecting the sharply increased final dividend announced on Tuesday and the following bullion price.

South African Financials lost ground in line with Golds while London Financials marked time. In the latter section, Rio Tinto Zinc hardened 2 to 229p but showed a fall of 10 on balance.

Rhodesian Minerals rose 5 to 229p following the dividend announcement.

FINANCIAL TIMES STOCK INDICES

	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 16	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 10	Sept. 9	Sept. 8	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 31
Government Secs.	72.35	72.01	72.74	71.76	71.96	72.45	72.05	72.74	72.71	72.65	72.11	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05	72.05
Fixed Interest	72.70	72.58	72.74	72.71	72.65	72.71	72.71	72.74	72.71	72.65	72.51	72.45	72.45	72.45	72.45	72.45	72.45	72.45	72.45	72.45	72.45	72.45
Industrial	480.5	488.1	480.5	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2	488.2
Gold Mines	210.1	212.1	210.6	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4	212.4
Gold MinersEx-S com	190.0	191.2	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1	192.1
Ord. Div. Yield	7.05	7.18	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05	7.05
Earnings, Yld. & Fwd.	18.32	18.44	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35
P/E Ratio (net*)	6.71	6.64	6.68	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Total Returns	17,885	18,265	18,967	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	18,588	
Equity turnover £m	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity bargains/total	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

10 am 463.9. 11 am 461.2. Noon 460.3. 1 pm 460.5.
2 pm 460.5. 3 pm 458.2.
Last Ind. Inter. 461.2.
MID 461.2.
Base- 100 Govt. Secs. 15/10/72. Industrial Ord.
SE Activity July-Dec. 1972.

Base- 100 Govt. Secs. 15/10/72. Industrial Ord.
SE Activity July-Dec. 1972.

LONDON TRADED OPTIONS

Oct.	Jan.		April		Equity close	
	Ex'res	Closing offer	Vol.	Closing offer	Vol.	
BP	1050	175	1	—	—	1211p
BP	1100	125	1	—		

2 American Smaller Companies

Top performing American Trust in 1979
Up 4.7% since launch (Dow Jones 8%)
For the portfolio and views on the American
market contact:
Richard Bass, FIMS Advisory Centre or
FREEPHONE 3169 (in operator).

Schlesingers

BRITISH FUNDS

	Stock	Price	Yield
"Shorts" (Lives up to Five Years)			
Treasury 10% 1974	95.50	13.22	
Electric 3% 75-79	95.50	13.16	
Treasury 9% 1980	95.50	13.16	
Treasury 8% 1981	95.50	13.16	
Treasury 7% 1982	95.50	13.16	
Treasury 6% 1983	95.50	13.16	
Treasury 5% 1984	95.50	13.16	
Treasury 4% 1985	95.50	13.16	
Treasury 3% 1986	95.50	13.16	
Treasury 2% 1987	95.50	13.16	
Treasury 1% 1988	95.50	13.16	
Treasury 0% 1989	95.50	13.16	
Treasury 10% 1974	95.50	13.22	
Treasury 9% 1975	95.50	13.16	
Treasury 8% 1976	95.50	13.16	
Treasury 7% 1977	95.50	13.16	
Treasury 6% 1978	95.50	13.16	
Treasury 5% 1979	95.50	13.16	
Treasury 4% 1980	95.50	13.16	
Treasury 3% 1981	95.50	13.16	
Treasury 2% 1982	95.50	13.16	
Treasury 1% 1983	95.50	13.16	
Treasury 0% 1984	95.50	13.16	
Exch. 3% 1981	95.50	13.16	
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Exch. 3% 1991	95.50	13.16	
Exch. 3% 1992</			

Financial Times Saturday September 22 1979

INDUSTRIALS—Continued

High	Low	Stock	Prs	+/-	Wk	Yr	Prs	+/-	Wk	Yr	Prs	+/-	Wk	Yr	Prs	+/-	Wk	Yr	Prs
64	58	Hannover 20p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
170	169	Harris P.L.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
49	35	Harris & Stinton	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
72	62	Hawkins & Tison	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
127	117	Hawkins Sp.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hawthorn, R. & C.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hay's Wheel El.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hensher "A" Ltd.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Heworth Cranes	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hewitt J. S.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hewitt J. S. Ltd.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hill (Class) El.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hillman 100	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hills Whm Shk	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hilt Lloyd El. 10p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hoover "A"	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Hovis 20p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Initial Serv. Co.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Inter-City 20p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	J. B. Holdings	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Jones (Int'l) 20p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Jordine M. SHG	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Jordan & Burrell	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars.	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 10p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 20p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 50p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 100p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 200p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 500p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 1000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 2000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 5000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 10000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 20000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 50000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 100000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 200000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 500000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 1000000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 2000000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 5000000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 10000000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
124	114	Johnson Clars. 20000000p	125	-	125	125	125	-	125	125	125	-	125	125	125	-	125	125	125
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Saturday September 22 1979

**MAN OF THE WEEK****Taking on the unions**

BY ALAN PIKE

If there are directors of employers' organisations who see themselves as pure administrators, leaving the political argument to others, Anthony Frodsham is not such a man.

The director-general of the Engineering Employers Federation has views on industrial relations and the wider society which are at least as strongly held and ideologically based as those of his trade union opponents. Those opponents in the current engineering dispute know that they are facing an employers' leader who has proclaimed aloud his belief that the balance of power in industry needs shifting away from the trade unions.

After a training in electrical and mechanical engineering and war service in the Royal Navy he followed a career as a management consultant and during his time with the P-E Consulting Group held the posts of UK managing director and later group chief executive. After a brief spell as group specialist adviser to United Dominions



ANTHONY FRODSHAM
"It is a question of when we win—not if"

Trust he became director-general of the EEF in 1975—a very different route to the job to his predecessor, Mr. Martin Jukes, who was a barrister.

The EEF has a reputation among trade unionists as one of the tougher employers' organisations and this has certainly not diminished under Anthony Frodsham's stewardship. In March it sent out to its 6,500 members companies a new famous set of guidelines urging them to stand firm in negotiations. Mr. Frodsham's personal opinions were put clearly on the record a month earlier at the Federation's first national study conference in London.

He suggested then that a Labour Government might not have the courage to reform its own union supporters, while a Conservative one might not be allowed to reform them.

These comments illustrated Mr. Frodsham's view that proportional representation and a substantial elected element in the House of Lords might produce an administration more truly and powerfully reflective of public opinion.

His recipe, pending such an overhaul of the electoral system, was employer solidarity. Solidarity, he said, was the big lesson which employers could learn from the unions. "It is true that often there is bludgeoning and threatening to achieve it, but however achieved, it is the discipline of solidarity which wins the unions' battles for them."

Months later, Mr. Frodsham is impressed with the solidarity which his member companies are showing in the present dispute—and the EEF has helped to enforce it by requiring, to date, 18 companies which have reached independent agreements with the unions to resign from the federation.

He admits that at the moment it is a solidarity based upon immediate economic self-interest but hopes that the experience of the dispute may lead to a greater appreciation of the value of united action among employers.

If the employers win, will the 1979 engineering dispute stand out in retrospect as having contributed to the shift in the industrial balance of power which he believes is needed?

The employers are, he says, "not trying to grind the last penny out of the working man" but he hopes the dispute will make them more responsive to the argument that improvements in pay and conditions must be earned through productivity. He also believes that it will demonstrate to the nation as a whole that it is possible for employers to stand up to great trade union strength. Mr. Frodsham prefixes these remarks with the comment: "It is a question of when we win, not if—an indication that the climate may yet be some way from a settlement."

Carter 'will punish' rebel Democrats

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT Jimmy Carter has told a group of Democratic Congressmen to expect retaliation if they continue to oppose his policies.

"We believe in rewarding our friends and punishing our enemies," he said, adding that he kept a computerised printout of voting records in his office.

"I'll be damned if I'll send my wife into your district for a fund-raiser."

The President sought to draw a distinction between Federal aid to local authorities, which he said would not be withheld, and the personal political fortunes of Congressmen—many of whom feel that Mr. Carter has little practical assistance to offer in any case.

The specific cause of Mr. Carter's anger on Thursday night was the rejection by the House of the implementing legislation covering the transfer of ownership of the Panama Canal from the U.S. to Panama.

The House vote, a signal victory for diehard conservative opposition to the Panama Canal treaties and another indication of the embattled state of the House's Democratic leadership, threatens to embarrass the U.S. on the eve of the entry into

force of the new treaties on October 1. An U.S. delegation under Mr. Walter Mondale, Vice-President, and Mr. Cyrus Vance, the Secretary of State, is due to visit Panama for the occasion.

The House action may yet be reversed in time to avoid a painful squabble with Panama over the ability of the U.S. to live up to its international commitments. A conference committee of both Houses is due to meet next week to amend the legislation and resubmit it for approval.

But, more generally, the Panama Canal issue was clearly a last straw for the President. Earlier in the week, with typical bickering, the House failed to approve budget ceilings for the fiscal year beginning next month. It also voted down new debt ceiling proposals.

Again, both votes can—and probably will—be reversed, but the cumulative effect on the Administration is wearing.

Relations with the House have not been helped by the fact that Mr. "Tip" O'Neill, the Speaker, is seen as privately backing the Presidential candidacy of Senator Edward Kennedy, who is also from Massachusetts. The unvoiced suspicion in the White House is

that Mr. O'Neill is not pulling out the stops in support of Administration legislative proposals.

Presidential discontent is not confined to the House, nor to domestic issues. On the foreign policy front, there is concern about the independent, and possibly disruptive, role being played by Senator Jesse Helms, the arch-conservative Republican from North Carolina, in dispatching aides to the Zimbabwe-Rhodesia conference in London.

In addition, Senator Frank Church, chairman of the foreign relations committee, has not always proved helpful in the continuing debate over the Russian troop presence in Cuba.

Misgivings are also being expressed at the talks this week in the Middle East between members of the black Congressional caucus and the Palestinian Liberation Organization,

which has implications both for the Middle East peace talks and for the Democratic Party's domestic political prospects.

Exacerbation of the tensions between American Jews and blacks, which were intensified by Mr. Andrew Young's departure from the UN, could hurt the Party.

U.S. and Mexico reach natural gas agreement

BY WILLIAM CHISLETT IN MEXICO CITY

THE U.S. and Mexican Governments yesterday reached agreement after 21 months of bitter argument over selling natural gas. Pemex, the Mexican State-owned oil company will begin exporting 300m cu ft to the U.S. from January 1.

The agreement, reached a week before President Jose Lopez Portillo visits President Carter in Washington, is regarded here as politically important, for it symbolises some extent an improvement in relations between the two countries.

Mexico will sell the gas at \$3.62 per 1,000 cubic feet, and its price increase will follow OPEC price rises, to be reviewed every three months.

The starting price is subject to change, if gas from other complementary sources exceeds that price. This is interpreted

here as a reference to Canadian natural gas, the price of which could rise before January.

Talks have broken down at the end of 1977, when the U.S. Energy Department vetoed the price agreed between Pemex and six U.S. gas companies.

Then the price was fixed at \$2.60 per 1,000 cubic feet, with a total export of 2bn cubic feet.

The price was tied at that time to the price of number two light fuel landed in New York harbour.

After the talks broke down, Mexico changed its gas-export policy, and decided to use more domestically.

Talks restarted after President Carter visited Mexico in February, and it was agreed to hold them at a government level, in order to establish a framework which private U.S. gas companies would then have to

follow, and so avoid misunderstandings.

Now that the framework has been agreed, the way is open for further amounts of gas to be sold to the U.S., although for the moment Pemex says that it only has 300m cu ft to spare, after taking into account rising national demands.

Mexico produces about 2.7bn cubic feet a day and has not been flaring the gas.

On current prices the deal is worth more than \$1m a day to Mexico.

The agreement means that Pemex will now be encouraged to improve a \$700m, 774-mile-long pipeline which was expected to carry the 2bn cubic feet a day to the U.S. The pipeline was opened earlier this year, but is out of use because of faults and the lack of an export agreement.

Marathon construction yard attracts two potential owners

BY JOHN ELLIOTT AND RAY PERMAN

A PRIVATELY-OWNED British ship repairing company and a French engineering concern have emerged as potential owners of the troubled Marathon oil rig construction yard on Clydeside, which has been up for sale for the past month.

The British ship repairer is Clydeside Engineering whose chairman, Mr. Robert Butler, combined ownership of this yard until last month with the post of chief executive of the State-owned Tyne Shiprepair Company part of British Shipbuilders. Mr. Butler has also expressed an interest in buying the ailing Falmouth ship repair yard.

The French concern is Union Industrial Enterprise of Cherasbourg—an established oil rig builder and believed to be considering making a bid.

It is assumed that the Government would be willing to

invest itself of this stake, and the Scottish Office is involved in the negotiations with possible new owners who would also have to take over completion of the £12m rig.

Mr. Butler's Clydeside Engineering bid envisages continuing with rig building and diversifying into associated offshore work. But there could well be redundancies among the 1,050 workforce, some 300 of whom are either laid off on a rota system or are on loan to British Shipbuilders' nearby Govan yard for work on the British ships' order.

Mr. Butler would also expect the workforce to agree to new labour agreements, including flexibility arrangements of the sort of operating at his Clyde dock yard.

It is assumed that the Government would be willing to

Continued from Page 1

Price of short tap

market as a result of the weakness of gilt prices in the past fortnight.

However, a more bullish view of the financial prospects has resurfaced in the past few days. Some major brokers are now recommending gilt purchases on the hope that a recession is imminent and that monetary growth should begin to slacken.

Prices of long-dated stock rose by 4% yesterday.

A cautiously optimistic view was presented by Mr. Nigel Lawson, the Financial Secretary to the Treasury, in a Reuters interview yesterday.

He said that while loan demand within the UK private sector had been stronger for longer than many had expected, the Government was confident that demand would turn down in response to recent policies.

Mr. Lawson did not rule out an extension of the corset controls on the banking system's deposit base. These are at

present due to expire in December. But the Government has no plans to extend the scope of the corset controls, which are anyway very much ancillary to the main thrust of monetary policy.

He said the corset was an instrument which influenced interest rates and stood in sharp contrast to the quantitative restrictions on credit used in the 1960s.

Mr. Lawson also maintained that if the authorities acted to stem the growth of acceptance credits (or commercial bills) held outside the banking system, it would create some other form of distortion—known as disintermediation—which would be more difficult to monitor. These credits have been rising fast in recent months.

He said credit expansion in this form was easier to monitor than it would be, for instance, in the form of an inter-company money market.

WeatherUK TODAY
MAINLY cloudy, some rain.

London, S. England, E. Anglia, Midlands, Cheshire, H. Wales

Sunny at first, cloudy later.

Mainly dry. Max. 18C (64F).

N. and E. England, N. Wales

Isle of Man

Bright at first, becoming

cloudier. Rain likely in evening.

Max. 17C (63F).

Outlook: Showers and bright periods.

Courtaulds closure to cost 600 jobs at Aintree

By Maurice Samuelson

THE

NORTHGATE group of clothing manufacturers, owned by Courtaulds, is to close its Paula works at Aintree, Liverpool, at Christmas, making most of its 600 workers redundant.

The announcement comes a week after Courtaulds said it was to axe 600 jobs at three of its Northern Ireland textile plants.

The latest closure is another blow to Merseyside, whose unemployment rate is nearly twice the national average. Only last week the 7,323 Mersey Docks and Harbour Company employees were told some jobs would have to be cut to boost efficiency.

The Northgate group's Paula works, which makes men's jackets and some children's wear, has recorded serious losses for about five years. In spite of significant investment in new equipment, there was no foreseeable prospect of recovery, Courtaulds said yesterday.

Attempts will be made to find jobs for some staff in other Northgate factories on Merseyside, where another 1,000 people are employed.

In spite of the cutbacks, Courtaulds is continuing the expansion or modernisation of other plants in Durham, Lancashire and North Wales.

THE LEX COLUMN**Giving credit to loan rumours**

at present prices, equities are resting on an impressive cushion of yield, though with one or two holes starting to appear.

Laporte

The Laporte share price has risen by 24 per cent this year, twice as fast as the stock market, on the back of the recovery which started in the second half of last year. At the halfway stage interim pre-tax profits of £2.5m are 80 per cent up on the comparable period of last year but compared with the second six months the improvement is only 15 per cent.

Like Croda, which reported earlier this year, Laporte is one of the few big UK speciality chemical companies still remaining independent. Its business is split between the highly cyclical production of titanium dioxide and phthalic anhydride, and the steady growth of its petrochemical business—the biggest in the world. It shares the latter with the Belgian giant, Solvay, and together they are spending independently to develop their U.S. operation. The aim is that Laporte's petrochemical operations will grow sufficiently large to cushion the profitability of the other bits of the business.

Judging by the latest results, the policy seems to be working, and in the latest half-year the petrochemical business contributed over half the profits—twice the contribution of five years ago. However, Laporte has a chequered profit record and has cut its dividend in the past so the stock market is nervous about the impact of the anticipated downturn in the world chemical industry. In common with other chemical companies Laporte has little seen evidence of the slowdown yet and is managing to get its price increases to stick. As a result it should be able to increase its profits from \$12.1m to \$17m in 1980 but they could fall in 1981. At 12.5p the shares yield a prospective 3.7 per cent—against 9.0 per cent for ICI.

The equity market is still a sorry place, although it has not held up too badly this week, considering the gloomy background. The top performers' table is headed by bid speculations and overseas earners, while the bottom of the list is cluttered with companies that have just brought out disappointing results. This suggests that estimates of corporate earnings are still unrealistically high. But

the union will ensure that no plant will take work from another where a curtailment of resistance is mounted and it demands immediate import controls "pending the arrival of new models."

Union will support resistance to BL cuts

By Christian Tyler, Labour Editor

OFFICIAL SUPPORT for any BL workers who decide to fight the company's plans for closing plants and cutting the workforce by 25,000 has been given by the general executive of the Transport and General Workers' Union.

But the union will not instruct its members at BL to refuse voluntary severance terms.

A resolution carried by the executive says that Leyland's strategy "would mean the total demise of the only British-based car manufacturer. We will not allow this to happen."

It says the union will ensure that no plant will take work from another where a curtailment of resistance is mounted and it demands immediate import controls "pending the arrival of new models."

The union will also protest about the closure of Park Royal in London, which builds Tatra buses. The workers at Park Royal voted this week, however, to accept the company's redundancy terms.

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